

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): October 24, 2001

USA NETWORKS, INC.  
(Exact name of Registrant as specified in charter)

|   |  |  |
|---|--|--|
| Delaware<br>(State or other jurisdiction<br>of incorporation) | 0-20570<br>(Commission File<br>Number) | 59-2712887<br>(IRS Employer<br>Identification No.) |
|---|--|--|

|  |                     |
|--|---------------------|
| 152 West 57th Street, New York, NY<br>(Address of principal executive offices) | 10019<br>(Zip Code) |
|--|---------------------|

Registrant's telephone number, including area code:  
(212) 314-7300

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) Exhibits.

- 99.1 Press Release of USA Networks, Inc. dated October 24, 2001.
- 99.2 Forward-Looking Financial Information.

ITEM 9. REGULATION FD DISCLOSURE

On October 24, 2001, the Registrant issued a press release announcing its results for the quarter ended September 30, 2001. The full text of this press release, appearing in Exhibit 99.1 hereto and forward-looking financial information, appearing in Exhibit 99.2 hereto, are furnished pursuant to Regulation FD.

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 NETWORKS, INC.

By: /s/ Julius Genachowski

-----  
Name: Julius Genachowski  
Title: Senior Vice President and  
General Counsel

Date: October 24, 2001

EXHIBIT INDEX

| Exhibit No. | Description   |
|-------------|---|
| 99.1        | Press Release of USA Networks, Inc. dated October 24, 2001. |
| 99.2        | Forward-Looking Financial Information.                      |



[GRAPHIC OMITTED]  
USA NETWORKS INC

FOR IMMEDIATE RELEASE

OCTOBER 24, 2001

14% EBITDA GROWTH FROM USA'S OPERATING BUSINESSES

INTERNET COMMERCE GROUP INCREASES REVENUE BY 70% AND EBITDA BY 88% IN Q3

USA PLANS FOR 15% GROWTH IN 2002 AMIDST A TOUGH ENVIRONMENT

NEW YORK, October 24, 2001 - USA Networks, Inc. (NASDAQ: USAI) reported results today for its quarter ended September 30, 2001. Highlights are presented on a pro forma comparative basis to the same period last year.

- o USA'S OPERATING BUSINESSES increased EBITDA by 14% to \$245.6 million on 15% higher revenue of \$1.221 billion. These results are within the range of expectations set forth by the company following the national tragedy. Prior to the events of 9/11, the Operating Businesses were on track to exceed their original guidance of 25% EBITDA growth.
- o CABLE AND STUDIOS increased revenue by 19% to \$398.2 million and EBITDA by 31% to \$155.2 million. Approximately half this growth resulted from a favorable adjustment relating to affiliate fees. And contributing to Studios USA's performance is the unprecedented franchise breadth of LAW & ORDER, which now has three primetime dramas on NBC.
- o HSN grew its revenue in the United States by 8% to \$396.4 million and decreased EBITDA by 9% to \$48.9 million. Its Q3 results were impacted by a dramatic, but relatively short-lived, decline in viewership following the national tragedy. HSN.com increased revenue by 246% to \$33 million in Q3, and now represents nearly 10% of HSN's on air sales.
- o HSN's performance in Germany was disappointing in part due to operating challenges associated with the addition of 4 live hours of programming earlier this year. Its EBITDA fell to a loss of \$5 million, on 4% lower revenue in Q3.
- o HOTEL RESERVATIONS NETWORK had a record quarter, increasing revenue by 60% to \$151.2 million and EBITDA by 57% to \$21.8 million. HRN expanded into 25 new cities and increased its number of affiliates to nearly 22,800 during Q3.
- o TICKETMASTER increased ticketing EBITDA by 14% to \$19 million on 7% higher revenue of \$133.9 million. Online ticket sales accounted for 31.9% of total tickets sold by Ticketmaster, compared to 25.6% in Q3 '00.
- o MATCH, one of the company's top-growth assets, increased EBITDA by 152% to \$5.8 million on 64% higher revenue.
- o USA INTERNET COMMERCE GROUP grew revenue by 70% to \$240.4 million and EBITDA by 88% to \$44.6 million. The group is comprised of HSN.com, Hotel Reservations Network, Ticketmaster.com and Match.com.
- o USA plans for its Operating Businesses to grow revenue and EBITDA by 15% in 2002. Whereas for the fourth quarter, Operating Business EBITDA is expected to decline by 12% to 16% on flatish revenue growth, due mostly to the continuing affects of the national tragedy, including an accelerated downward impact on the advertising market.

MEDIA RELEASE

152 West 57th Street, 42nd Floor New York, New York 10019 212.314.7300  
Fax 212.314.7309

FINANCIAL RESULTS

On a comparative pro forma basis, USA reported the following, excluding

discontinued operations (USA Broadcasting):

|  |                               |
|--|-------------------------------|
| ACTUAL PRO FORMA (\$ IN MILLIONS) Q3 01                    |                               |
| Q3 00 GROWTH -----   |                               |
| REVENUES - OPERATING BUSINESSES Cable and studios.....     | \$ 398.2 \$ 336.0 19%         |
| - U.S.....   | 396.4 368.8 8%                |
| Electronic retailing - Germany.....                        | 60.0 62.7 (4%)                |
| Ticketing.....   | 133.9 124.9 7%                |
| reservations.....  | 151.2 94.6 60%                |
| Teleservices.....  | 72.6 70.2 4%                  |
| Personals.....   | 12.5 7.6 64%                  |
| Intersegment elimination.....                              | (4.1) -- --                   |
| ----- SUB-TOTAL -  |                               |
| OPERATING.....   | 1,220.7                       |
| 1,064.9 15% Euro exchange rate fluctuation (a).....        | (9.1) (8.9)                   |
| REVENUES - EMERGING BUSINESSES Citysearch and related..... | 11.1 14.0                     |
| Styleclick.....  | 0.9 5.3                       |
| Electronic Commerce Solutions.....                         | 4.8 7.2                       |
| HSN - other international.....                             | 6.2                           |
| 4.4 USA  |                               |
| Films.....   | 16.0 14.5                     |
| TRIO, NWI, Crime and emerging media....                    | 5.8 8.6                       |
| ----- SUB-TOTAL -  |                               |
| EMERGING.....  | 44.8 53.9                     |
| -----  |                               |
| TOTAL.....   | \$1,256.3 \$1,109.9 13% ===== |
| =====  | =====                         |
| EBITDA - OPERATING BUSINESSES Cable and studios.....       | \$ 155.2                      |
| \$ 118.5 31% Electronic retailing - U.S.....               | 48.9 53.9 (9%)                |
| Electronic retailing - Germany.....                        | (5.0) 5.8 (185%)              |
| Ticketing.....   | 19.0 16.7 14%                 |
| Hotel reservations.....                                    | 21.8                          |
| 13.9 57%   |                               |
| Teleservices.....  | 7.9 11.1 (29%)                |
| Personals.....   | 5.8 2.3 152%                  |
| Corporate and other.....                                   | (8.1) (6.3)                   |
| ----- SUB-TOTAL -  |                               |
| OPERATING.....   | 245.6 215.8                   |
| 14% Euro exchange rate fluctuation (a).....                | 0.9 (0.9)                     |
| EBITDA - EMERGING BUSINESSES Citysearch and related.....   | (10.8) (16.3)                 |
| Styleclick.....  | (1.8) (8.7)                   |
| Electronic Commerce Solutions.....                         | (12.6) (8.0)                  |
| HSN - other international.....                             | (7.5) (4.6)                   |
| USA  |                               |
| Films.....   | 0.4 (5.8)                     |
| TRIO, NWI, Crime and emerging media....                    | (3.1) (0.3)                   |
| Intersegment elimination.....                              | (1.8) -- --                   |
| ----- SUB-TOTAL -  |                               |
| EMERGING.....  | (37.1) (43.8)                 |
| Restructuring and one-time charges (b). (12.3) --          | -----                         |
| TOTAL.....   | \$ 197.1 \$ 171.2 15% =====   |
| =====  | =====                         |

o Does not include pro forma results for Expedia, the acquisition of which

- is expected to close by year-end 2001.
- o Excludes results from USA Broadcasting, the sale of which to Univision was announced in December 2000.
- o Presented as if the acquisition of Styleclick had occurred at the beginning of the periods presented.
- o EBITDA is defined as net income plus (1) provision for income taxes, (2) minority interest, (3) interest income and expense, (4) depreciation and amortization, (5) amortization of cable distribution fees (\$10 million & \$8.8 million, respectively), and (6) amortization of non-cash distribution, marketing, and compensation expenses.
- (a) In order to present comparable results for HSN Germany, the results have been translated from Euros to U.S. dollars at a constant exchange rate.
- (b) Represents non-recurring costs related to restructuring operations, employee terminations and benefits.

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3 of 9

BUSINESS MIX

66% of USA's Q3 revenue came from direct consumer transactions, 20% was derived from subscriptions and production fees, and 14% was advertising-related. The operating businesses reported the following:

| ACTUAL PRO FORMA (\$ IN MILLIONS)          |           | Q3 '01    | Q3 '00                        |                 |
|--|-----------|-----------|-------------------------------|-----------------|
| GROWTH MIX                                 |           | -----     |                               | REVENUES -      |
| OPERATING BUSINESSES                       |           |           |                               |                 |
| Entertainment.....                         | \$ 398.2  | \$ 336.0  | 19%                           | 33% Electronic  |
| retailing.....                             |           |           |                               | 456.4           |
|  | 431.5     | 6%        | 37%                           | Information and |
| Services.....                              |           |           |                               | 370.2 297.3     |
|  |           | 25%       | 30%                           | Intersegment    |
| elimination.....                           |           | (4.1)     | --                            | 0%              |
| -----                                      |           |           |                               |                 |
| TOTAL.....                                 |           |           |                               |                 |
|  | \$1,220.7 | \$1,064.9 | 15%                           | 100% =====      |
|  | ===       | ===       | EBITDA - OPERATING BUSINESSES |                 |
| Entertainment.....                         | \$155.2   | \$118.5   | 31%                           | 63% Electronic  |
| retailing.....                             |           |           |                               | 43.9 59.7       |
|  |           | (26%)     | 18%                           | Information and |
| Services.....                              |           |           |                               | 54.5 44.0 24%   |
|  |           |           | 22%                           | Corporate and   |
| other.....                                 |           | (8.1)     | (6.3)                         |                 |
|  |           | (3%)      | -----                         |                 |
| TOTAL.....                                 |           |           |                               |                 |
|  | \$245.6   | \$215.8   | 14%                           | 100% =====      |
|  | =====     | =====     | =====                         | =====           |
| CASH NET INCOME AND EARNINGS PER SHARE PRO |           |           |                               |                 |
| FORMA (a) (b) Q3 '01 (a) Q3 '00 -----      |           |           |                               |                 |
| Fully converted cash net income per        |           |           |                               |                 |
| share.....                                 | 0.10      | 0.10      | Fully converted earnings      |                 |
| per share.....                             | (0.01)    | (0.02)    | Cash net                      |                 |
| income per share.....                      |           |           | 0.13                          |                 |
|  |           | 0.16      | Basic loss per                |                 |
| share.....                                 |           | (0.08)    | (0.08)                        |                 |

- (a) Amounts based on net income before gain on sale of broadcasting stations in Q3 '01 and before loss from discontinued operations in Q3 '00 of \$14.4 million.
- (b) Excluding one-time income / (expense) of (\$18.9 million), pre-tax in Q3 '01, and \$74.1 million, pre-tax, in Q3 '00.

Universal and Liberty own a significant portion of their interests in USA through USA subsidiaries. This structure can cause USA to record net losses in situations where net income would otherwise have been recorded if their ownership were entirely in USA common stock. Fully converted earnings and fully converted cash net income reflect the impact as if all shares exchangeable into common stock had been exchanged during the period.

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4 of 9

ENTERTAINMENT HIGHLIGHTS

USA NETWORK grew EBITDA by 31% to \$113.7 million on 7% higher revenue of \$214.0 million. Approximately half of USA's growth was attributable to a special \$16 million adjustment relating to affiliate fees.

- o USA tied as basic cable's second highest rated network in primetime, with a 1.7 average rating in Q3 '01.
- o Excluding WWF from Q3 `00, USA increased its primetime delivery by 16% in Adults 18-49 and 12% in A25-54. In Sales Prime (7-11 pm), USA increased delivery by 18% in A18-49 and 15% in A25-54 excluding WWF from Q3 `00.
- o The PRIMETIME MOVIE increased delivery of Adults 25-54 by 22%.
- o Sunday Prime averaged a 1.6 rating, up 23% from the comparative period.
- o The DAYTIME MOVIE increased its rating by 33% versus Q3 `00.
- o The 2001 U.S. OPEN averaged a 1.9 rating in primetime, a 36% increase from last year. The Sampras /Agassi quarterfinal match on September 5 drew 3.4 million household viewers, becoming the most watched tennis telecast ever on cable.

SCI FI increased EBITDA by 6% to \$23.9 million on 2% lower revenue of \$63.1 million.

- o SCI FI averaged a 0.8 rating in primetime and increased its average household delivery by 5% to 609,000, a Q3 record.
- o SCI FI continues to have the highest concentration of adult viewers 25-54 of any network on television, while ranking in the top 10 among basic cable networks in its delivery of Adults, Women and Men 25-54 and 18-49.
- o SCI FI is the #1 provider of original scripted series in cable primetime.

STUDIOS USA, net, grew EBITDA by 99% to \$17.6 million on 71% higher revenue of \$121.1 million.

- o 20.7 million watched LAW & ORDER's season premiere, a 16% increase from last season and its 12-year best premiere.
- o LAW & ORDER: SPECIAL VICTIMS UNIT, only in its third season, recently broke into the Top 10 among all primetime series and its season premiere delivered 18% more viewers than its 2000 premiere.
- o LAW & ORDER: CRIMINAL INTENT premiered as NBC's highest rated show on Sunday night.
- o THE DISTRICT, in its second season on CBS, continues as the highest rated network show in Saturday primetime.
- o CROSSING OVER WITH JOHN EDWARD is averaging 2.4 rating in syndication, the top rated new first-run series show in '01.
- o Studios USA is a leading producer of primetime and first-run syndicated programming, including two of the top four syndicated talk shows and two of the top seven primetime dramas.

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ENTERTAINMENT HIGHLIGHTS (CONTINUED)

|   |                           |
|---|---------------------------|
| CABLE AND STUDIOS: Q3 01 Q3 00 GROWTH - |                           |
| ----- Revenue (\$ IN                    |                           |
| MILLIONS): USA                          |                           |
| Network.....                            | \$214.0 \$200.5 7%* SCI   |
| FI.....                                 | 63.1 64.6 (2%) Studios,   |
| net.....                                | 121.1 71.0 71% -----      |
| Total.....                              | \$398.2 \$336.0 19% ===== |
| EBITDA (\$ IN MILLIONS): USA            |                           |
| Network.....                            | \$113.7 \$87.2 31%* SCI   |
| FI.....                                 | 23.9 22.4 6% Studios,     |

net.....  
 17.6 8.8 99% -----  
 Total.....  
 \$155.2 \$118.5 31% =====  
 Households (IN MILLIONS @ 9/30): USA  
 Network.....  
 84.3 79.4 7% SCI  
 FI.....  
 74.7 65.1 15% Advertising and other  
 revenue / affiliate revenue: USA  
 Network  
 mix..... 55:45  
 58:42 SCI FI  
 mix.....  
 61:39 63:37

\* USA's revenue would have declined by 2%, and EBITDA would have increased by 12%, had it not been for a special \$16 million adjustment to affiliate fees.

USA FILMS

USA Films' upcoming release MONSOON WEDDING was awarded the Golden Lion (the top prize) at the 2001 Venice Film Festival. USA Films' theatrical releases in Q3 were WET HOT AMERICAN SUMMER, SESSION 9 and MAYBE BABY. USA Home Entertainment announced direct-to-video releases PRANCER RETURNS and the 2-DVD set ULTIMATE JORDAN, following Michael Jordan's announced return to professional basketball.

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ELECTRONIC RETAILING HIGHLIGHTS

HSN's EBITDA declined by 9% to \$48.9 million on 8% higher revenue of \$396.4 million in the United States. Its Q3 results were impacted by a dramatic, but relatively short-lived, decline in viewership following the national tragedy.

- o HSN ceased its live programming shortly after the September 11th attacks and aired live news programming from USA Cable's NWI. During the respite, HSN developed the HSN Firefighter's and Police Officer's Family Fund, raising over \$250,000 for the families of injured and fallen heroes.
- o HSN added approximately 641,000 new customers during the quarter and reduced the number of fulfillment related customer service calls by 8%.
- o HSN's new distribution facility in Fontana, California is expected to reduce shipping times by as much as one-third to west coast customers.
- o HSN.com increased revenue by 246% to \$33 million in Q3, and now represents 10% of HSN's on air sales.
- o Off-air sales (continuity and upsells) increased by 55% in Q3.
- o In a contextualized commerce test with ABC, both networks sold products that were embedded into the storylines of ALL MY CHILDREN. The test generated sales-per-minute at a rate 10 times higher than HSN's average.

Q3 01 Q3 00 GROWTH ----- Units  
 shipped (IN  
 MILLIONS)..... 8.8 8.6  
 2% Gross profit  
 %.....  
 32.0% 34.6% Return  
 rate.....  
 19.4% 19.8% Average price  
 point.....  
 \$48.15 \$48.02 Product mix:  
 Homegoods.....  
 52% 48%  
 Jewelry.....  
 24% 26% Health /  
 Beauty..... 10% 12%  
 Apparel / Accessories.....  
 14% 14% HSN cable / DBS homes (IN MILLIONS @  
 9/30)..... 71.5 64.9 10% HSN total

homes (IN MILLIONS @ 9/30).....  
82.8 75.9 9%

HSN - GERMANY / OTHER INTERNATIONAL

- o HSN's performance in Germany was disappointing in part due to operating challenges associated with the addition of 4 live hours of programming earlier this year. Its EBITDA fell to a loss of \$5 million, on 4% lower revenue.
- o Home Shopping Europe has launched a new service in the United Kingdom, initially reaching 5.6 million households.
- o HSN is the world's most distributed television retailer with services in 8 languages reaching more than 160 million homes in 14 countries.

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ELECTRONIC RETAILING HIGHLIGHTS (CONTINUED)

TV HOUSEHOLDS ----- LIVE HOURS  
9/01 9/00 GROWTH DAILY 9/01 STAKE ---- -  
----- Consolidated Services: (IN MILLIONS @  
9/30) Germany (includes Austria /  
Switzerland)..... 29.5 28.8 0.7 20 hours 42%  
Home Shopping Espanol (U.S. / Puerto  
Rico)..... 5.9 5.1 0.8 18 hours 100% Home  
Shopping Espanol (Mexico)..... 2.4  
-- 2.4 4 hours 100% Unconsolidated Services: TVSN  
(China).....  
28.8 22.4 6.4 5 hours 21% Shop Channel (Japan)  
..... 10.9 8.6 2.3 12  
hours 30%  
Italy.....  
9.4 -- 9.4 10 hours 33% Belgium / The  
Netherlands..... 2.5 -- 2.5 8  
hours 47% France /  
Belgium..... 1.7 1.4  
0.3 8 hours 47% U.K. (launched on  
10/17/01)..... 5.6 -- 5.6 12  
hours 47%

INFORMATION & SERVICES HIGHLIGHTS

TICKETMASTER grew ticketing EBITDA by 14% to \$19 million on 7% higher revenue of \$133.9 million, despite the negative impact the events of September 11th had on ticketing sales and events surrounding that date.

- o Online ticket sales accounted for 31.9% of total tickets sold by Ticketmaster, compared to 25.6% in Q3 '00.
- o MATCH.COM increased the number of paying subscribers to more than 250,000, a 61% increase from 12/00. Match.com earned a record \$5.8 million in EBITDA in Q3.
- o CITYSEARCH and its related properties topped more than 100 million monthly pageviews in July and August.
- o Citysearch introduced its "Anything/Anywhere" search engine, broadly expanding the local content available on the site.
- o Citysearch's "Best Of" logged more than 3 million votes as users helped to define the best of their city.
- o Ticketmaster is the world's leading ticketing and access company.

Q3 01 Q3 00 GROWTH -----  
-- Number of tickets sold (IN  
MILLIONS)..... 19.3 20.2  
(5%) Gross value of tickets sold  
(IN MILLIONS)..... \$788 \$782 1%  
Revenue per  
ticket.....  
\$6.20 \$5.67 9% Share of tickets  
sold online.....



31.9% 25.6% Top-selling events in Q3 '01..... Ringling Brothers, Tool, Neil Diamond, WWF, Aerosmith and the New York Yankees.

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INFORMATION & SERVICES HIGHLIGHTS (CONTINUED)

HOTEL RESERVATIONS NETWORK increased EBITDA by 57% to \$21.8 million on 60% higher revenue of \$151.2 million, its best quarter in its 10-year history.

- o HRN expanded into 25 new cities and sold more than 1.2 million room nights during Q3.
- o HRN now has approximately 22,800 mostly-exclusive affiliates under contract.
- o HRN is the #1 provider of discount hotel accommodations worldwide.

|                                      |         |        |                       |       |       |       |
|--------------------------------------|---------|--------|-----------------------|-------|-------|-------|
| Q3 01                                | Q3 00   | GROWTH | -----                 | ----- | ----- | Hotel |
| room nights sold.....                |         |        |                       |       |       |       |
| 1,227,422                            | 716,600 | 71%    | Affiliates (including |       |       |       |
| TravelNow).....                      |         |        |                       |       |       |       |
| 22,793                               | 13,400  | 70%    | Properties.....       |       |       |       |
| 3,890 2,100 85% Cities served (AS OF |         |        |                       |       |       |       |
| 9/30).....                           |         |        |                       |       |       |       |
| 171                                  | 83      | 106%   |                       |       |       |       |

PRECISION RESPONSE decreased EBITDA by 29% to \$7.9 million on 4% higher revenue of \$72.6 million.

- o PRC's business continues to be adversely affected by an economy-related slowdown in the outsourcing of customer care programs.
- o Precision Response Corporation is a global leader in Customer Relationship Management (CRM) and outsourced customer care.

SHARES OUTSTANDING, MARKET CAPITALIZATION, NET DEBT

As of October 15, 2001, USA had outstanding 738.2 million shares, including exchangeable securities, with an aggregate market capitalization of approximately \$15 billion. USA has no net debt and \$420 million in consolidated net cash, including that of its public subsidiaries and an advance receivable to Universal. Net cash, excluding new investments, is expected to increase to approximately \$700 million by year-end, pro forma for the receipt of additional cash proceeds from the sale of USA Broadcasting to Univision.

STATEMENTS OF OPERATIONS

The actual results are not comparable due to:  
1) the acquisition of Precision Response in April, 2000;  
2) the acquisition of Styleclick.com in August 2000; and  
3) Ticketmaster's acquisition of TicketWeb in May 2000.

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ANALYST CONFERENCE CALL

USA Networks, Inc. will audiocast its conference call with analysts and investors discussing the company's third quarter financial results on Wednesday, October 24, 2001, at 11:00 a.m. Eastern Time (ET). The live audiocast is open to the public at [WWW.USANETWORKS.COM/INVESTOR.RELATIONS](http://WWW.USANETWORKS.COM/INVESTOR.RELATIONS). A replay of the audiocast will begin approximately one hour after its completion at [WWW.USANETWORKS.COM/INVESTOR.RELATIONS](http://WWW.USANETWORKS.COM/INVESTOR.RELATIONS).

IMPORTANT DISCLOSURES / LEGEND AND FORWARD LOOKING STATEMENTS / FOOTNOTES

USA and Expedia have filed a joint prospectus/proxy statement and will file other relevant documents concerning USA's acquisition of Expedia with the

Securities and Exchange Commission ("SEC"). INVESTORS ARE URGED TO READ THE JOINT PROSPECTUS/PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED IN THE FUTURE WITH THE SEC BECAUSE THOSE DOCUMENTS CONTAIN IMPORTANT INFORMATION. Investors will be able to obtain such documents free of charge at the SEC's website at www.sec.gov. In addition, such documents may also be obtained free of charge by contacting USA Networks, Inc., 152 West 57th Street, New York, New York, 10019, Attention: Investor Relations, or Expedia, Inc., 13810 SE Eastgate Way, Suite 400, Bellevue, WA 98005, Attention: Investor Relations.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are necessarily estimates reflecting the best judgment of the senior management of USA and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements should, therefore, be considered in light of various important factors, including those set forth herein and in the documents USA files with the Securities and Exchange Commission. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation: material adverse changes in economic conditions generally or in the markets served by USA, material changes in inflation, future regulatory and legislative actions affecting USA's operating areas, competition from others, 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 skilled workers and key executives. The words "estimate," "project," "intend," "expect," "believe" and similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. USA does not undertake any obligation to update or revise these forward-looking statements, whether as a result of new information, future events or any other reason.

The financial, statistical and other information contained in this press release and its attachments is unaudited. USA Network and SCI FI ratings and household delivery data per NMR Galaxy Explorer for NHI defined periods versus comparable periods. Subscriber counts based on Nielsen People Meter Installed Sample, September '01 vs. '00. All ratings within each network's coverage area. Studios' syndicated program ratings per NSS (GAA % where applicable), and broadcast network data per NTI for comparable time periods. Subject to qualifications. Online retail market data per PhocusWright (2001). Internet and television retailing market information sources include, but are not limited to Boston Consulting Group / Shop.org (May 2001), Jupiter (December 2000, August 2000, December 1999), Forrester (July 2000), and various other published industry and Wall Street analyst research. Operating metrics in this press release are pro forma for the pending transactions.

ABOUT USA NETWORKS, INC.

USA Networks, Inc. (NASDAQ: USAI), is focused on the new convergence of entertainment, information and direct selling. The Company is organized within two groups, the Entertainment Group and the Interactive Group, comprised of interrelated business divisions which include the following assets: USA Entertainment's USA Network, SCI FI Channel, TRIO, NWI, Crime, Studios USA, and USA Films; and USA Interactive's HSN, HSN International, HSN Interactive, Ticketmaster (NASDAQ: TMCS), which operates Citysearch and Match.com, Hotel Reservations Network (NASDAQ: ROOM), Electronic Commerce Solutions, Styleclick (NASDAQ: IBUY) and Precision Response Corporation.

|           |                     |                         |
|-----------|---------------------|-------------------------|
| CONTACTS: | USA COMMUNICATIONS: | USA INVESTOR RELATIONS: |
|           | Adrienne Becker     | Roger Clark             |
|           | 212-314-7254        | 212-314-7400            |

USA NETWORKS, INC. AND SUBSIDIARIES  
Business Segment Information - Continuing Operations  
Unaudited  
( \$ IN THOUSANDS )

THREE MONTHS  
ENDED  
SEPTEMBER  
30, ACTUAL  
PRO FORMA  
(A) ACTUAL -  
-----  
-----  
-  
-----  
- 2001 2000

2000 -----

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REVENUES -

OPERATING

BUSINESSES

Cable and

studios \$

398,211 \$

336,047 \$

336,047

Electronic

retailing -

U.S. 396,435

368,773

368,773

Electronic

retailing -

Germany

59,952

62,741

62,741

Ticketing

133,897

124,929

124,929

Hotel

reservations

151,242

94,619

94,619

Teleservices

72,610

70,162

70,162 Match

12,477 7,600

7,600

Intersegment

Elimination

(4,128) -- -

- -----

- -----

- -----

- SUB-TOTAL

1,220,696

1,064,871

1,064,871

Euro's

exchange

rate

fluctuation

(c) (9,134)

(8,900)

(8,900)

REVENUES -

EMERGING

BUSINESSES

Citysearch

11,079

13,962

13,962

Styleclick

901 5,291

5,147

Electronic

Commerce

Solutions

4,817 7,174

7,174 HSN -

international

and other

6,194 4,444

4,444 USA

Films 15,995

14,468

14,468 Trio,

NWI, Crime,

other

emerging

media 5,784

8,591 8,591

-----  
-----  
-----

SUB-TOTAL

44,770

53,930

53,786 -----

-----

----- TOTAL

\$ 1,256,332

\$ 1,109,901

\$ 1,109,757

=====

=====

=====

EBITDA -

OPERATING

BUSINESSES

(B) -- --

Cable and

studios \$

155,198 \$

118,453 \$

118,453

Electronic

retailing -

U.S. 48,898

53,798

53,798

Electronic

retailing -

Germany

(4,955)

5,799 5,799

Ticketing

19,020

16,655

16,655 Hotel

reservations

21,776

13,907

13,907

Teleservices

7,879 11,120

11,120 Match

5,801 2,300

2,300

Corporate

and other

(8,061)

(6,195)

(6,195) -----

-----

-----

----- SUB-

TOTAL

245,556

215,837

215,837

Euro's

exchange

rate

fluctuation

(c) 946

(877) (877)

EBITDA -

EMERGING

BUSINESSES

Citysearch

(10,791)

(16,264)

(16,264)

Styleclick

(1,785)

(8,734)

(7,290)

Electronic

Commerce

Solutions

(12,628)  
 (8,001)  
 (8,001) HSN  
 -  
 international  
 and other  
 (7,456)  
 (4,620)  
 (4,620) USA  
 Films 446  
 (5,819)  
 (5,819)  
 Trio, NWI,  
 Crime, other  
 emerging  
 media  
 (3,057)  
 (339) (339)  
 Intersegment  
 Elimination  
 (1,837) -- -  
 -----  
 -----  
 -----  
 - SUB-TOTAL  
 (37,108)  
 (43,777)  
 (42,333) ---  
 -----  
 -----  
 -----  
 Restructuring  
 charge and  
 one-time  
 items (d)  
 (12,250) --  
 -----  
 -----  
 -----  
 -- TOTAL \$  
 197,144 \$  
 171,183 \$  
 172,627  
 =====  
 =====  
 =====

- (a) Presented as if the acquisition of Styleclick had occurred at the beginning of the period presented.
- (b) EBITDA is defined as net income plus, (1) provision for income taxes, (2) minority interest, (3) interest income and expense, (4) depreciation and amortization, (5) amortization of cable distribution fees of \$9,986 and \$8,845, respectively, and (6) amortization of non-cash distribution and marketing expense and non-cash compensation expense.
- (c) In order to present comparable results for HSN Germany, the results have been translated from Euros to U.S. dollars at a constant exchange rate.
- (d) Represents non-recurring costs related to restructuring operations, employee terminations and benefits.

USA NETWORKS, INC. AND SUBSIDIARIES  
 Business Segment Information - Continuing Operations  
 Unaudited  
 ( \$ IN THOUSANDS )

NINE MONTHS  
 ENDED  
 SEPTEMBER  
 30, ACTUAL  
 PRO FORMA  
 (A) ACTUAL -  
 -----  
 -----  
 -----  
 2001 2000  
 2000 -----  
 -----  
 -----  
 -----

REVENUES -  
 OPERATING  
 BUSINESSES  
 Cable and  
 studios \$  
 1,280,065 \$  
 1,105,688 \$  
 1,105,688  
 Electronic  
 retailing -  
 U.S.  
 1,163,629  
 1,071,202  
 1,071,202  
 Electronic  
 retailing -  
 Germany  
 219,007  
 185,677  
 185,677  
 Ticketing  
 447,904  
 395,909  
 395,909  
 Hotel  
 reservations  
 394,830  
 227,964  
 227,964  
 Teleservices  
 228,926  
 210,023  
 140,374  
 Match 31,686  
 21,978  
 21,978  
 Intersegment  
 Elimination  
 (10,659) --  
 -- -----  
 -- -----  
 -- -----  
 -- SUB-TOTAL  
 3,755,388  
 3,218,441  
 3,148,792  
 Euro's  
 exchange  
 rate  
 fluctuation  
 (c) (36,613)  
 (23,457)  
 (23,457)  
 REVENUES -  
 EMERGING  
 BUSINESSES  
 Citysearch  
 35,852  
 36,798  
 36,798  
 Styleclick  
 7,358 19,445  
 17,556  
 Electronic  
 Commerce  
 Solutions  
 15,560  
 15,634  
 15,634 HSN -  
 international  
 and other  
 18,225  
 11,901  
 11,901 USA  
 Films  
 129,562  
 65,548  
 65,548 Trio,  
 NWI, Crime,  
 other  
 emerging

media 18,125  
12,862  
12,862 -----  
-----  
----- SUB-  
TOTAL  
224,682  
162,188  
160,299 -----  
-----

-----  
TOTAL \$  
3,943,457 \$  
3,357,172 \$  
3,285,634  
=====

=====

|              |  |
|--------------|--|
| EBITDA -     |  |
| OPERATING    |  |
| BUSINESSES   |  |
| (B) -- --    |  |
| Cable and    |  |
| studios \$   |  |
| 489,907 \$   |  |
| 396,580 \$   |  |
| 396,580      |  |
| Electronic   |  |
| retailing -  |  |
| U.S. 155,840 |  |
| 162,048      |  |
| 162,048      |  |
| Electronic   |  |
| retailing -  |  |
| Germany      |  |
| 6,554 19,199 |  |
| 19,199       |  |
| Ticketing    |  |
| 84,774       |  |
| 75,606       |  |
| 75,606 Hotel |  |
| reservations |  |
| 58,592       |  |
| 35,004       |  |
| 35,004       |  |
| Teleservices |  |
| 28,079       |  |
| 32,508       |  |
| 23,047 Match |  |
| 8,909 4,862  |  |
| 4,862        |  |
| Corporate    |  |
| and other    |  |
| (24,173)     |  |
| (28,902)     |  |
| (28,902) --- |  |

-----  
-----  
SUB-TOTAL  
808,482  
696,905  
687,444  
Euro's  
exchange  
rate  
fluctuation  
(c) (982)  
(2,486)  
(2,486)  
Nonrecurring  
charges (d)  
-- (1,498)  
(1,498)  
EBITDA -  
EMERGING  
BUSINESSES  
Citysearch  
(33,593)

|               |
|---------------|
| (51,453)      |
| (51,453)      |
| Styleclick    |
| (18,063)      |
| (34,593)      |
| (23,628)      |
| Electronic    |
| Commerce      |
| Solutions     |
| (27,723)      |
| (19,847)      |
| (19,847) HSN  |
| -             |
| international |
| and other     |
| (21,364)      |
| (8,570)       |
| (8,570) USA   |
| Films 43      |
| (5,971)       |
| (5,971)       |
| Trio, NWI,    |
| Crime, other  |
| emerging      |
| media         |
| (7,110)       |
| (4,602)       |
| (4,602)       |
| Intersegment  |
| Elimination   |
| (5,786) -- -  |
| - - - - -     |
| - - - - -     |
| - - - - -     |
| - SUB-TOTAL   |
| (113,596)     |
| (125,036)     |
| (114,071) --  |
| - - - - -     |
| - - - - -     |
| - - - - -     |
| Restructuring |
| charge and    |
| one-time      |
| items (e)     |
| (17,023) --   |
| - - - - -     |
| - - - - -     |
| - - - - -     |
| -- TOTAL \$   |
| 676,881 \$    |
| 567,885 \$    |
| 569,389       |
| =====         |
| =====         |
| =====         |

- (a) Presented as if the acquisitions of Precision Response and Styleclick had occurred at the beginning of the period presented.
- (b) EBITDA is defined as net income plus, (1) provision for income taxes, (2) minority interest, (3) interest income and expense, (4) depreciation and amortization, (5) amortization of cable distribution fees of \$29,384 and \$25,335, respectively, and (6) amortization of non-cash distribution and marketing expense and non-cash compensation expense.
- (c) In order to present comparable results for HSN Germany, the results have been translated from Euros to U.S. dollars at a constant exchange rate.
- (d) Represents one-time credits recognized in Q1 '00 by HSN in connection with a favorable settlement of litigation relating to an HSN broadcasting affiliation agreement (\$4,661) and a cable affiliation agreement (\$1,647). In addition, as part of a resignation agreement with a senior executive, the Company recorded a one-time compensation expense related to a consulting arrangement.
- (e) Represents non-recurring costs related to consolidating Styleclick's operations in Chicago and the shutdown of the Firstauction.com website, as well as non-recurring costs related to restructuring operations, employee terminations and benefits.



Unaudited  
( \$ IN THOUSANDS, EXCEPT PER SHARE DATA )

THREE  
MONTHS  
ENDED  
SEPTEMBER  
30, ACTUAL  
PRO FORMA  
(A) ACTUAL

-----  
-----  
-----  
--- 2001  
2000 2000 -  
-----  
-----  
---

Revenues,  
net \$

1,256,332 \$  
1,109,901 \$  
1,109,757

Operating  
costs and  
expenses:

Costs  
related to  
revenues  
746,661  
669,148  
669,087

Other costs  
and  
expenses

312,527  
269,570  
268,043

Amortization  
of non cash  
distribution  
and

marketing  
expense (b)

5,218 2,692  
2,692

Amortization  
of non cash  
compensation  
expense (c)

1,268 1,235  
1,235

Amortization  
of cable  
distribution  
fees

9,986  
8,845 8,845

Depreciation  
and  
amortization

142,948  
141,702  
137,012 ---

-----  
-----  
-----

Total  
operating  
costs and  
expenses

1,218,608  
1,093,192  
1,086,914 -

-----  
-----  
-----

Operating  
income

37,724  
16,709

22,843  
Interest  
expense,  
net  
(10,131)  
(8,240)  
(8,178)  
Other, net  
(12,943)  
69,920  
69,920 ----  
-----

-----  
Earnings  
before  
income  
taxes and  
minority  
interest  
14,650  
78,389  
84,585  
Income tax  
expense  
(21,901)  
(25,612)  
(27,452)  
Minority  
interest  
(33,192)  
(66,708)  
(63,005) --  
-----  
-----

Net loss  
from  
continuing  
operations  
(d) \$  
(40,443) \$  
(13,931) \$  
(5,872)

=====  
=====  
=====  
Net loss  
from  
continuing  
operations,  
excluding  
one-time  
charges and  
-- -- non-  
operating  
gains \$  
(29,612) \$  
(30,497) \$  
(22,438)

=====  
=====  
=====  
Fully  
converted  
net  
earnings  
from  
continuing  
operations,  
excluding  
one-time  
charges and  
non-  
operating  
gains \$  
(4,874) \$  
(12,905) \$  
(1,444)

```

=====
Weighted
average
basic
shares
376,415
367,799
367,799
=====
=====
=====
Weighted
average
fully
converted
shares
737,568
728,952
728,952
=====
=====
=====
EPS FROM
CONTINUING
OPERATIONS
Basic loss
per share $
(.11) $
(.04) $
(.02)
=====
=====
=====
Basic loss
per share,
excluding
one-time
charges and
non-
operating
gains $
(.08) $
(.08) $
(.06)
=====
=====
=====
Fully
converted
earnings
per share,
excluding
one-time
charges $
(.01) $
(.02) $
(.00)
=====
=====
=====
EBITDA (E)
$ 197,144 $
171,183 $
172,627
=====
=====
=====

```

- (a) Presented as if the acquisition of Styleclick had occurred at the beginning of the period presented.
- (b) Amortization of warrants and stock issued in exchange for distribution and marketing services.
- (c) Expense relates to the Company's bonus stock purchase program and restricted stock awards.
- (d) Q3 '01 excludes the gain on sale of of broadcasting stations, the sale of which to Univision was announced in December 2000 The Company estimates the gain will be in the \$425 million - \$450 million range and will be disclosed in the Company's 10-Q. Q3 '00 excludes the results of USA Broadcasting. The results for the discontinued operations was an after tax loss of \$14,367.

(e) EBITDA is defined as net income plus, (1) provision for income taxes, (2) minority interest, (3) interest income and expense, (4) depreciation and amortization, (5) amortization of cable distribution fees of \$9,986 and \$8,845, respectively, and (6) amortization of non-cash distribution and marketing expense and non-cash compensation expense.

USA NETWORKS, INC. AND SUBSIDIARIES  
 Condensed Consolidated Statements of Operations  
 Unaudited  
 ( \$ IN THOUSANDS, EXCEPT PER SHARE DATA )

NINE MONTHS  
 ENDED  
 SEPTEMBER  
 30, PRO  
 FORMA (A)  
 ACTUAL PRO  
 FORMA (A)  
 (B) ACTUAL

-----  
 - - - - -  
 - - - - -  
 - - - - -  
 2001 2001  
 2000 2000 -

-----  
 - - - - -  
 - - - - -  
 - - - - -

Revenues,  
 net \$

3,943,457 \$  
 3,943,457 \$  
 3,357,172 \$  
 3,285,634

Operating  
 costs and  
 expenses:

Costs  
 related to  
 revenues  
 2,378,486  
 2,378,486  
 2,011,081  
 1,956,591

Other costs  
 and  
 expenses  
 888,090  
 888,090  
 778,206  
 759,654

Amortization  
 of non cash  
 distribution  
 and  
 marketing  
 expense (c)  
 19,866  
 19,866

4,566 4,566  
 Amortization  
 of non cash  
 compensation  
 expense (d)  
 5,431 5,431  
 7,391 7,391

Amortization  
 of cable  
 distribution  
 fees 29,384  
 29,384  
 25,335  
 25,335

Depreciation  
 and  
 amortization  
 427,077

427,077  
419,936  
369,970 ---  
-----  
-----  
-----

Total  
operating  
costs and  
expenses  
3,748,334  
3,748,334  
3,246,515  
3,123,507 -  
-----  
-----  
-----

Operating  
income  
195,123  
195,123  
110,657  
162,127  
Interest  
expense,  
net  
(34,462)  
(34,462)  
(24,702)  
(23,955)  
Other, net  
(33,196)  
(33,196)  
67,354  
67,360 ----  
-----  
-----  
-----

Earnings  
before  
income  
taxes and  
minority  
interest  
127,465  
127,465  
153,309  
205,532  
Income tax  
expense  
(69,579)  
(71,191)  
(80,093)  
(86,523)  
Minority  
interest  
(127,526)  
(124,378)  
(139,170)  
(145,300) -  
-----  
-----  
-----

Loss from  
continuing  
operations  
(e) \$  
(69,640) \$  
(68,104) \$  
(65,954) \$  
(26,291)  
=====

Net loss  
from

continuing  
operations,  
excluding  
one-time  
charges and  
non-  
operating  
gains \$  
(56,075) \$  
(54,539) \$  
(78,672) \$  
(39,009)

=====  
=====  
=====

Fully  
converted  
net  
earnings  
from  
continuing  
operations,  
excluding  
one-time  
charges and  
non-  
operating  
gains \$  
34,463 \$  
36,005 \$  
(22,665) \$  
38,927

=====  
=====  
=====

Weighted  
average  
basic  
shares  
373,227  
373,227  
363,980  
355,184

=====  
=====  
=====

Weighted  
average  
fully  
converted  
shares  
759,661  
759,661  
725,133  
743,960

=====  
=====  
=====

EPS FROM  
CONTINUING  
OPERATIONS  
Basic loss  
per share \$  
(.19) \$  
(.18) \$  
(.18) \$  
(.07)

=====  
=====  
=====

Basic loss  
per share,  
excluding  
one-time  
charges and  
non-

operating  
gains \$  
(.15) \$  
(.15) \$  
(.22) \$  
(.11)

=====  
=====  
=====  
=====  
Fully  
converted  
earnings  
per share,  
excluding  
one-time  
charges \$  
.05 \$ .05 \$  
(.03) \$ .05

=====  
=====  
=====  
EBITDA (F)  
\$ 676,881 \$  
676,881 \$  
567,885 \$  
569,389

=====  
=====  
=====  
=====

- (a) Presented as if the merger of Ticketmaster and TMCS had occurred at the beginning of the period presented. The merger has no impact on revenues or EBITDA. Pro forma results reflect the impact of the merger on minority interest and income taxes.
- (b) Presented as if the acquisitions of Precision Response and Styleclick had occurred at the beginning of the period presented.
- (c) Amortization of warrants and stock issued in exchange for distribution and marketing services.
- (d) Expense relates to the Company's bonus stock purchase program and restricted stock awards.
- (e) Loss from continuing operations is calculated before the impact of the cumulative effect of adoption of SOP 00-2, "Accounting by Producers and Distributors of Films", of \$9.2 million and the gain on sale of broadcasting stations, the sale of which to Univision was announced in December 2000. The Company estimates the gain will be in the \$475 million - \$500 million range and will be disclosed in the Company's 10-Q. Q3 '00 excludes the results of USA Broadcasting. The results for the discontinued operations was an after tax loss of \$41,407.
- (f) EBITDA is defined as net income plus, (1) provision for income taxes, (2) minority interest, (3) interest income and expense, (4) depreciation and amortization, (5) amortization of cable distribution fees of \$29,384 and \$25,335 respectively, and (6) amortization of non-cash distribution and marketing expense and non-cash compensation expense.

USA NETWORKS, INC. AND SUBSIDIARIES  
EPS AND CASH NET INCOME RECONCILIATION INFORMATION - CONTINUING OPERATIONS  
UNAUDITED  
( \$ IN THOUSANDS, EXCEPT PER SHARE DATA )

THREE MONTHS  
ENDED  
SEPTEMBER  
30, ACTUAL  
PRO FORMA  
(A) ACTUAL -  
-----  
-----  
2001 2000  
2000 -----  
-----  
-----  
----- BASIC  
LOSS PER  
SHARE: Net

loss (\$  
40,443) (\$  
13,931) (\$  
5,872)  
Impact of  
unusual  
items, net  
of tax and  
minority  
interest (b)  
10,831  
(16,566)  
(16,566) ---  
-----  
-----

-- BASIC  
LOSS,  
EXCLUDING  
UNUSUAL  
ITEMS (B) \$  
(29,612) \$  
(30,497) \$  
(22,438)

=====  
=====  
=====  
Weighted  
average  
basic shares  
376,415  
367,799  
367,799  
=====  
=====  
=====

Basic loss  
per share: \$  
(.11) \$  
(.04) \$  
(.02)

=====  
=====  
=====  
Basic loss  
per share  
excluding  
unusual  
items (b) \$  
(.08) \$  
(.08) \$  
(.06)

=====  
=====  
=====  
CASH NET  
INCOME: Net  
loss \$  
(40,443) \$  
(13,931) (\$  
5,872)  
Impact of  
goodwill  
amortization,  
net of tax  
and minority  
interest  
79,119  
89,243  
76,042 -----  
-----  
-----

CASH NET  
INCOME  
38,676  
75,312  
70,170  
Impact of  
unusual  
items, net  
of tax and  
minority



interest (b)  
10,831  
(16,566)  
(16,566) ---  
-----  
-----

-- CASH NET  
INCOME,  
EXCLUDING  
UNUSUAL  
ITEMS (B) \$  
49,507 \$  
58,746 \$  
53,604

=====  
=====  
=====  
Weighted  
average  
basic shares  
376,415  
367,799  
367,799  
=====  
=====  
=====

Cash net  
income per  
share \$ .10  
\$ .20 \$ .19  
=====  
=====  
=====

Cash net  
income per  
share,  
excluding  
unusual  
items (b) \$  
.13 \$ .16 \$  
.15  
=====  
=====  
=====

FULLY  
CONVERTED  
NET  
EARNINGS:  
Net loss \$  
(40,443) \$  
(13,931) \$  
(5,872)  
Impact of  
minority  
interest,  
net of tax  
23,221  
46,055  
49,457 -----  
-----  
-----

FULLY  
CONVERTED  
NET EARNINGS  
(17,222)  
32,124  
43,585  
Impact of  
unusual  
items, net  
of tax and  
minority  
interest (b)  
12,348  
(45,029)  
(45,029) ---  
-----  
-----

-- FULLY  
CONVERTED  
NET

EARNINGS,  
EXCLUDING  
UNUSUAL  
ITEMS (B) \$  
(4,874) \$  
(12,905) \$  
(1,444)

=====  
=====  
=====

Weighted  
average  
fully  
converted  
shares  
737,568  
728,952  
728,952

=====  
=====  
=====

Fully  
converted  
earnings per  
share \$  
(.02) \$ .04  
\$ .06

=====  
=====  
=====

Fully  
converted  
earnings per  
share,  
excluding  
unusual  
items (b) \$  
(.01) \$  
(.02) \$  
(.00)

=====  
=====  
=====

FULLY  
CONVERTED  
CASH NET  
INCOME: Net  
loss \$  
(40,443) \$  
(13,931) \$  
(5,872)

Impact of  
minority  
interest,  
net of tax  
23,221  
46,055  
49,457

Impact of  
goodwill  
amortization,  
net of tax  
and minority  
interest  
79,119  
89,243  
76,042 -----  
-----  
-----

FULLY  
CONVERTED  
CASH NET  
INCOME  
61,897  
121,367  
119,627  
Impact of  
unusual  
items, net  
of tax and  
minority

interest (b)  
 12,348  
 (45,029)  
 (45,029) ---  
 -----  
 -----

-- FULLY  
 CONVERTED  
 CASH NET  
 INCOME,  
 EXCLUDING  
 UNUSUAL  
 ITEMS (B) \$  
 74,245 \$  
 76,338 \$  
 74,598

=====  
 =====  
 =====  
 weighted  
 average  
 fully  
 converted  
 shares  
 737,568  
 754,750  
 754,750

=====  
 =====  
 =====  
 Fully  
 converted  
 cash net  
 income per  
 share \$ .08  
 \$ .16 \$ .16

=====  
 =====  
 =====  
 Fully  
 converted  
 cash net  
 income per  
 share,  
 excluding  
 unusual  
 items (b) \$  
 .10 \$ .10 \$  
 .10

- (a) Presented as if the acquisition of Styleclick had occurred at the beginning of the period presented.
- (b) Excludes one time charges and non-operating gains.

USA NETWORKS, INC. AND SUBSIDIARIES  
 EPS AND CASH NET INCOME RECONCILIATION INFORMATION -  
 CONTINUING OPERATIONS, BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE  
 UNAUDITED  
 ( \$ IN THOUSANDS, EXCEPT PER SHARE DATA )

NINE  
 MONTHS  
 ENDED  
 SEPTEMBER  
 30, PRO  
 FORMA (A)  
 ACTUAL PRO  
 FORMA (A)  
 (B) ACTUAL  
 -----  
 -----  
 -----  
 -----

----- 2001  
2001 2000  
2000 -----  
-----  
-----  
-----  
-----

BASIC LOSS  
PER SHARE:

Net loss  
(\$ 69,640)  
(\$ 68,104)  
(\$ 65,954)  
(\$ 26,291)  
Impact of  
unusual  
items, net  
of tax and  
minority  
interest  
(c) 13,565  
13,565  
(12,718)  
(12,718) -  
-----  
-----  
-----

BASIC  
LOSS,  
EXCLUDING  
UNUSUAL  
ITEMS (C)  
\$ (56,075)  
\$ (54,539)  
\$ (78,672)  
\$ (39,009)  
=====

Weighted  
average  
basic  
shares  
373,227  
373,227  
363,980  
355,184  
=====

Basic loss  
per share:  
\$ (.19) \$  
(.18) \$  
(.18) \$  
(.07)  
=====

Basic loss  
per share  
excluding  
unusual  
items (c)  
\$ (.15) \$  
(.15) \$  
(.22) \$  
(.11)  
=====

FULLY  
CONVERTED  
NET

EARNINGS:  
Net loss \$  
(69,640) \$  
(68,104) \$  
(65,954) \$  
(26,291)  
Impact of  
minority  
interest,  
net of tax  
84,125  
84,131  
85,427  
107,356 --  
-----  
-----  
-----

FULLY  
CONVERTED  
NET  
EARNINGS  
14,485  
16,027  
19,473  
81,065  
Impact of  
unusual  
items, net  
of tax and  
minority  
interest  
(c) 19,978  
19,978  
(42,138)  
(42,138) -  
-----  
-----  
-----

FULLY  
CONVERTED  
NET  
EARNINGS,  
EXCLUDING  
UNUSUAL  
ITEMS (C)  
\$ 34,463 \$  
36,005 \$  
(22,665) \$  
38,927  
=====  
=====  
=====  
=====

Weighted  
average  
fully  
converted  
shares  
759,661  
759,661  
725,133  
743,960  
=====  
=====  
=====  
=====

Fully  
converted  
earnings  
per share  
\$ .02 \$  
.02 \$ .03  
\$ .11  
=====  
=====  
=====  
=====

Fully  
converted

earnings  
per share,  
excluding  
unusual  
items (c)  
\$ .05 \$  
.05 \$  
(.03) \$  
.05

=====  
=====  
=====  
=====

- (a) Presented as if the merger of Ticketmaster and TMCS had occurred at the beginning of the period presented. The merger has no impact on revenues or EBITDA. Pro forma results reflect the impact of the merger on minority interest and income taxes.
- (b) Presented as if the acquisitions of Styleclick and Precision Response Corp. had occurred at the beginning of the period presented.
- (c) Excludes one time charges and non-operating gains.













13% 29%  
 =====  
 =====  
 =====  
 =====  
 =====  
 =====  
 ===== BY  
 GROUP --  
 Operating  
 Businesses  
 Entertainment  
 A \$ 548 \$  
 600 \$ 598 \$  
 695 9% 0%  
 16%  
 Electronic  
 Retailing  
 244 228 323  
 397 -7% 42%  
 23%  
 Information  
 & Services  
 158 272 333  
 441 72% 22%  
 33%  
 Corporate &  
 other (28)  
 (33) (34)  
 (36) 21% -2%  
 -6% -----  
 -----  
 -----  
 -----  
 - Total  
 Operating  
 Businesses \$  
 922 \$1,066  
 \$1,220  
 \$1,497 16%  
 15% 23% ----  
 -----  
 -----  
 -----  
 -----  
 ---

- A A very weak advertising market is anticipated to continue through at least the first half of 2002.
- B Studios USA's 2001 revenue was favorably impacted by the syndication sale of LAW & ORDER to TNT.
- C USA Films' 2001 results were favorably impacted by the release of TRAFFIC.
- D Reflects results generated by homes lost by HSN following disengagement of USA Broadcasting to Univision. For further information, see separate HSN DISENGAGEMENT section.
- E 2001 and 2000 non-recurring items reflect income and expense items. For 2001, income of \$16 million related to a special adjustment relating to affiliate fees was recorded, impacting both revenue and EBITDA. Offsetting this, \$17 million of expense was recorded for non-recurring costs related to restructuring operations, employee terminations, and benefits. For 2000, \$6 million of expense relates to one-time expenses of the Ticketmaster and TMCS merger, an executive consulting arrangement as part of a resignation agreement, offset by a one-time credit recognized by HSN in connection with a favorable settlement.
- F To present comparable results for HSN Germany, the results have been translated from Euros to U.S. dollars at a constant exchange rate.
- H Expedia estimates are pro forma USA's acquisition of Expedia, which is expected to close in Q4 2001.
- I SCI FI's 2002 advertising growth is expected to be favorably impacted by the miniseries TAKEN in the fourth quarter.

USA NETWORKS, INC.  
 FREE CASH FLOW - OPERATING BUDGET

(PRO FORMA \$  
 IN MILLIONS)  
 2000 2001  
 2002 -----  
 -----  
 --- Total  
 EBITDA \$ 765  
 \$ 936 \$1,057  
 Capital  
 expenditures  
 (191) (140)  
 (177)  
 Programming  
 payments in  
 excess of  
 amortization  
 (153) (93)  
 (104) Taxes,  
 including  
 distributions  
 to LLC  
 partJers  
 (89) (44)  
 (129) Cable  
 distribution  
 fees (65)  
 (59) (67)  
 Cash  
 interest  
 (64) (42)  
 (36) HSN  
 disengagement  
 costs K --  
 (5) (53)  
 Other, net  
 L,M (241)  
 (439) (145)  
 -----  
 -----  
 \$ (39) \$ 114  
 \$ 346  
 =====  
 =====  
 ===== P&L  
 - OPERATING  
 BUDGET (PRO  
 FORMA \$ IN  
 MILLIONS)  
 2000 2001  
 2002 2003 --  
 -----  
 -----  
 -----  
 Total EBITDA  
 \$ 765 \$ 936  
 \$1,057  
 \$1,365  
 Amortization  
 of goodwill  
 N -- -- -- --  
 -  
 Depreciation  
 / other  
 amortization  
 (319) (283)  
 (293) (353)  
 Disengagement  
 costs -- (5)  
 (36) (18)  
 Interest  
 income /  
 (expense)  
 (30) (27)  
 (22) (24)  
 Other income  
 / (expense)  
 47 (37) (21)  
 (20) -----

-----  
-----  
-- Pre-tax  
net income  
463 583 686  
951 Income  
tax expense  
(136) (96)  
(110) (142)  
Minority  
interest  
expense  
(322) (370)  
(396) (535)  
-----

----- Net  
income 5 118  
180 273  
=====  
=====  
=====  
=====

Average  
shares  
outstanding  
423 431 431  
431 -----  
-----

-----  
EPS -  
diluted 0.01  
0.27 0.42  
0.63  
=====  
=====  
=====  
=====

Fully  
converted  
EPS: Pre-tax  
net income  
463 583 686  
951 Income  
tax expense  
(276) (216)  
(243) (317)  
Minority  
interest  
expense 36  
(34) (50)  
(78) -----  
-----

-----  
-- Net  
income \$ 223  
\$ 334 \$ 392  
\$ 556  
=====  
=====  
=====  
=====

Average  
shares  
outstanding  
784 792 792  
792 -----  
-----

-----  
EPS -  
diluted \$  
0.28 \$ 0.42  
\$ 0.50 \$  
0.70  
=====  
=====  
=====  
=====

- J If the LLC structure were eliminated, 2002 tax payments would increase \$136 million due to timing.
- K For further information, see separate HSN DISENGAGEMENT section.
- L 2001 excludes anticipated \$690 million proceeds, net of tax, from sale of USA Broadcasting to Univision.
- M Includes investments, acquisitions, changes in working capital, and other items.
- N All years presented as if new accounting rules for goodwill amortization were in place in order to present comparable information.

READ IMPORTANT FOOTNOTES AND DISCLAIMER USA Operating Budget 10/24/01  
AS FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 24, 2001

Page 4 of 6

USA NETWORKS, INC.  
OPERATING BUDGET

#### BUSINESS OUTLOOK for the YEAR 2002

We anticipate that our operating businesses will grow their revenue and EBITDA by 15% in 2002. All of our operating businesses anticipate growing quite significantly (at an average growth of over 20%), other than the USA Network, which we anticipate will be particularly hit hard in the present advertising environment. If advertising recovers more quickly than we anticipate, our EBITDA may very well be higher, although it's possible that, in such a case, we'd reinvest in the business and spend more on original programming. On the other hand, it's more than possible that, in the present economic environment and with ever changing world events, our EBITDA growth could be less than anticipated; however, even under the worst circumstances, we expect we will do what's necessary to make sure we don't perform at a level less than 2001 (which we believe will end up with EBITDA growth for USA's operating businesses of 16% over 2000).

It's also anticipated that the first six months of 2002 will be comparatively worse than the second six months of the year. So it is possible that USA's EBITDA numbers for the first and second quarters of 2002 will show negative comparisons to the same quarters in 2001.

#### BUSINESS OUTLOOK for the FOURTH QUARTER 2001

For the fourth quarter, we expect EBITDA from our Operating Businesses to decline by 12% to 16%, on flattish revenue growth, as compared to Q4 2000. This weak quarterly performance is due largely to the continuing effects of the national tragedy, including an accelerated downward impact on the advertising market. HSN, however, has returned to its normal level of business, and, therefore anticipates positive performance in the fourth quarter, but it's sales results may be negatively affected by reduced computer sales (which contributed almost \$50m in sales during Q4 '00).

#### HSN DISENGAGEMENT

USA announced the sale of its broadcast television stations to Univision for \$1.1 billion in December 2000. The majority of these stations are located in the largest markets in the country and air HSN on a 24-hour basis. As of January 2002, HSN will have switched its distribution in these markets directly to cable carriage. As a result, HSN will lose approximately 12 million homes and accordingly, HSN's operating results will be affected. Fortunately, sales from broadcast only homes are very, very low in comparison to sales from cable homes. So HSN's losses attributable to this disengagement is limited. HSN anticipates losing sales, which translates on a pro forma basis for 2001, of \$108 million and EBITDA of \$15 million. These anticipated losses are consistent with previous disclosures in USA's 10k filing, in which it was stated that disengagement losses would equal approximately 6% of HSN's sales and EBITDA.

Since the affect of disengagement is a one-time event, and in order to show HSN's results on a meaningful comparative basis, the revenue and EBITDA that were generated by the "lost" homes in prior periods will be pro forma eliminated from HSN's core results in these prior periods.

In addition, in order to effectively transfer HSN's distribution to cable (which has been accomplished), USA will incur charges of approximately \$100 million in the form of payments to cable operators and related marketing expenses. These disengagement costs will not impact EBITDA. Approximately \$5 million of these costs will be incurred in 2001 and \$53 million in 2002. In effect, this approximately \$100 million payment will reduce USA's pre-tax proceeds from the Univision transaction to \$1 billion. USA believes that its disengagement costs

increased to the higher end of USA's anticipated range of costs, since USA was required to achieve a certain portion of disengagement after the Univision announcement and with specified end-dates for continuing broadcast distribution.

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AS FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 24, 2001  
Page 5 of 6

USA NETWORKS, INC.  
OPERATING BUDGET

IMPORTANT

This business outlook contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are necessarily estimates reflecting the best judgment of the senior management of USA and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements should, therefore, be considered in light of various important factors, including those set forth herein and in the documents USA files with the Securities and Exchange Commission. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation: material adverse changes in economic conditions generally or in the markets served by USA, material changes in inflation, future regulatory and legislative actions affecting USA's operating areas, competition from others, 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 skilled workers and key executives. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. USA does not undertake any obligation to update or revise these forward-looking statements, whether as a result of new information, future events or any other reason.

USA and Expedia, Inc. have filed a preliminary joint prospectus/proxy statement and will file other relevant documents concerning USA's acquisition of Expedia with the Securities and Exchange Commission (SEC). INVESTORS ARE URGED TO READ THE JOINT PROSPECTUS/PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED IN THE FUTURE WITH THE SEC BECAUSE THOSE DOCUMENTS CONTAIN IMPORTANT INFORMATION. Investors will be able to obtain such documents free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, such documents may also be obtained free of charge by contacting USA Networks, Inc., 152 West 57th Street, New York, New York, 10019, Attention: Investor Relations, or Expedia, Inc., 13810 SE Eastgate Way, Suite 400, Bellevue, WA 98005, Attention: Investor Relations.

\* \* \*

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AS FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 24, 2001  
Page 6 of 6