

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): April 15, 2003

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.)

152 West 57th Street, New York, NY 10019  
(Address of principal executive offices) (Zip Code)

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

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE

Pursuant to Regulation FD, the Registrant hereby files questions and answers regarding the Registrant's rights with respect to Vivendi Universal Entertainment LLLP ("VUE") as well as a copy of the letter agreement referenced therein. Copies of the questions and answers and letter agreement are attached as Exhibits 99.1 and 99.2 hereto, respectively, and are incorporated herein by reference.

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

(c) Exhibits.

99.1 Q&As Regarding USA's Rights with respect to VUE.

99.2 Letter Agreement, dated as of May 7, 2002, relating to the clarification of certain matters in the Amended and Restated Partnership Agreement of Vivendi Universal Entertainment LLLP.

# 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

Date: April 15, 2003

# EXHIBIT INDEX

Exhibit	No.	Description
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99.1		Q&As Regarding USA's Rights with respect to VUE.
99.2		Letter Agreement, dated as of May 7, 2002, relating to the clarification of certain matters in the Amended and Restated Partnership Agreement of Vivendi Universal Entertainment LLLP.

USA INTERACTIVE  
Q&As REGARDING USA'S RIGHTS WITH RESPECT TO VUE  
AS FILED WITH THE SEC ON APRIL 15, 2003

In order to comply with Regulation FD, USA is filing with the Securities and Exchange Commission this document, which addresses questions from the investment community and others as to USA's rights with respect to Vivendi Universal Entertainment LLLP ("VUE").

Q1: WHY IS USA TAKING LEGAL ACTION AGAINST VIVENDI UNIVERSAL, S.A.  
- --- ("VIVENDI") AT THIS TIME?

A1: USA did not seek this tax dispute with Vivendi. Some five months ago Vivendi informed USA that it disputed the tax distribution provisions in the VUE Partnership Agreement. USA immediately responded that Vivendi was incorrect. Thereafter, USA participated in good faith in a dialogue with Vivendi to resolve the dispute. USA's objective throughout was to reach an amicable and private resolution. Given the instability of Vivendi, USA did not want to add in any way to their burdens as Vivendi attempted to stem its liquidity crisis and achieve a more stable footing. USA has shown great patience since the management change and liquidity crisis at Vivendi, and many USA executives have worked endless hours to help Vivendi in managing VUE, in renegotiating its credit agreements and in helping Vivendi cope with whatever problems arose during this most difficult period, including accommodating their desire for various waivers or other changes to agreements between us, all designed to enhance Vivendi's position - and none of which inured to USA's direct benefit. USA hoped that Vivendi would reciprocate this attitude of cooperation at least by dropping their remarkable reinterpretation of our basic agreement. However, Vivendi has recently made clear that it will not do so. Vivendi's first tax distribution payment to USA on its preferred interest has recently come due, and Vivendi has not made, and has made it clear that it does not intend to make, that payment.

Now that Vivendi has dealt with all of its short term issues, and given our inability to solve this dispute consensually, USA feels that it has no choice but to seek resolution of the matter.

Q2: WHY IS USA FILING THESE Q&As?  
- ---

A2: Over the last several months, we have received hundreds of inquiries about USA's rights with respect to VUE, ranging from whether Vivendi can sell VUE in its entirety, to whether Vivendi can sell VUE assets, to the tax consequences of a sale, etc. Despite our best and most careful efforts, we have not seen anything that clearly and correctly answers all of the questions; instead, there has been a torrent of conflicting and confusing information. While we have no interest in adding to the coverage, and no desire to manipulate the process, we think our

shareholders, the investment community and any interested party should have access, without filter, to one document, hopefully plainly and clearly articulated, that sets forth the facts on every important issue that involves our contractual relationship with VUE and VU - which can only be done by making full disclosure under SEC Regulation FD.

Q3: CAN VIVENDI SELL ITS INTERESTS IN VUE (IN ITS ENTIRETY) WITHOUT ANY  
- --- CONSENT FROM USA?

A3: Yes, but any purchaser would take its ownership in VUE subject to (a) USA's present ownership rights in VUE, including its common interests and Class A and B preferred interests; and (b) all the existing rights that USA presently possesses as described below.

Q4: DOES THIS MEAN THAT VIVENDI CAN'T SELL 100% OF VUE?  
- ---

A4: Yes, Vivendi cannot force USA to sell any of its interests in VUE, including its common interests. However, USA does have "tag along rights" with respect to any such sale that USA doesn't intend to exercise if presented with such an opportunity.

Q5: IN ANY SUCH SALE, WHAT WOULD HAPPEN TO THE 56.6 MILLION USA SHARES THAT  
- --- ARE RELATED TO USA'S CLASS B PREFERRED INTERESTS IN VUE?

A5: If Vivendi wanted to sell its 56.6 million USA shares, it would need either USA's or Barry Diller's and Liberty Media Corporation's consent. Without that, Vivendi is prohibited from selling its 56.6 million USA shares and also can't sell the Vivendi subsidiaries that holds those shares to a third party. So, in any such sale of Vivendi's common interests in VUE, a purchaser would acquire its interest in VUE subject to, among other things, the Class B preferred interests (these interests, while more fully described in the Partnership Agreement, cannot be eliminated prior to May 7, 2022 and are supported by Vivendi's retention of the 56.6 million USA shares). Any understanding between Vivendi and a purchaser that undermines the intended thrust of the restrictions on the sale of the 56.6 million USA shares or the corporate entities in which such shares are held would be vigorously challenged by USA.

Q6: IN ANY SUCH SALE, WHO WOULD BE RESPONSIBLE FOR THE TAX REIMBURSEMENT  
- --- PAYMENTS THAT ARE PRESENTLY SUBJECT TO A DISPUTE WITH VIVENDI?

A6: The purchaser of VUE would take its interest in VUE subject to such liability since VUE is the contractual party that has such obligations. This liability has an estimated present value of approximately \$620 million, based on certain assumptions of taxable income from VUE and an assumed tax rate. USA has filed a lawsuit today for a declaratory judgment with respect to VUE's obligations in this regard. These obligations are clear (as USA states in the lawsuit) and it's

bizarre that Vivendi would fight an issue that is subject to such unequivocal language (except as a negotiating position).

Q7: IF CONTROL OF VUE IS ACQUIRED BY AN ENTERTAINMENT COMPANY THAT HAS  
- --- COMPETING ASSETS WITH THOSE OF VUE, WILL USA BE AFFECTED IN ANY WAY?

A7: It is possible that such an acquisition could result in some significant issues. For example, if such an entertainment company combines in any way its own assets with those of VUE or substitutes "services" to VUE in lieu of VUE having a full going-concern infrastructure, such action may affect USA's ability to realize maximum value for its VUE securities. USA would, under those circumstances, assess the situation carefully to see if any such action potentially can adversely affect USA's interests and act accordingly.

Q8: CAN VIVENDI SELL VUE'S ASSETS?  
- ---

A8: Vivendi cannot sell virtually any of VUE's assets without either getting USA's consent or having VUE put up an irrevocable letter of a letter of credit that would secure USA's payment of the \$750 million Class A preferred interests at its accreted value at the end of 20 years (i.e. approximately \$2 billion) and with an expiration date no earlier than May 7, 2022. This is true because, under the applicable agreement, VUE can't sell assets outside the ordinary course unless it has a "consolidated tangible net worth" of \$4 billion. USA believes that VUE's "consolidated tangible net worth" is well below this figure, primarily because the definition specifically excludes the value of "intangibles" like copyrights, etc. Also, Vivendi cannot sell virtually any of VUE's cable channels or other assets contributed by USA without indemnifying USA for the acceleration of certain tax liabilities.

Q9: THERE HAVE BEEN REPORTS THAT VIVENDI CAN SELL VUE ASSETS SO LONG AS 50%  
- --- OF THE PROCEEDS ARE RETAINED INSIDE VUE. IS THIS TRUE?

A9: No, because VUE must also have a "consolidated tangible net worth" of \$4 billion to sell any assets, as discussed in Question 8 above. So, for example, if VUE wanted to assign any of its interest in its theme park group, it is prohibited from doing so without USA consent.

Q10: IF VUE PUTS UP A LETTER OF CREDIT SO AS TO PERMIT ASSET SALES AND  
- ---- VIVENDI PROVIDES A TAX INDEMNITY TO USA, ARE THERE ANY OTHER RESTRICTIONS THAT WOULD SURVIVE THAT COULD IMPOSE A BURDEN ON VIVENDI OR A PURCHASER?

A10: Yes, in all instances in which there has been a sale of assets, Vivendi or a purchaser would be obligated to keep sufficient assets within VUE to fully service the cash and paid-in-kind distribution obligations each year, as well as the obligation to distribute cash to USA with respect to taxes on allocations of VUE's income.

Q11: WOULD ANY SUCH SALE - (I.E. A SALE OF A SPECIFIC ASSET) TRIGGER ANY TAX  
- ---- FOR WHICH VIVENDI HAS AGREED TO INDEMNIFY USA?

A11: If Vivendi sells the cable channels or other assets that USA contributed into the VUE partnership in excess of \$5 million in the aggregate, Vivendi is obligated to indemnify USA for the net present value of any tax triggered by the excess sale, discounted from 2017 at USA's borrowing rate and assuming that USA is a full-rate taxpayer.

Q12: IF VUE POSTS AN APPROPRIATE LETTER OF CREDIT AND VIVENDI INDEMNIFIES  
- ---- USA AGAINST ANY TAX ACCELERATION, COULD A PURCHASER GET RID OF USA'S INTERESTS AND ELIMINATE ALL RESTRICTIONS?

A12: No, there is no way to get rid of USA's interests without USA's consent until 2007 with respect to 4.44% of the common interests held by USA and 2022 with respect to the Class A and Class B preferred interests and the remaining 1% common interest held by USA.

Q13: CAN VIVENDI OR A PURCHASER REPAY THE OUTSTANDING \$1.6 BILLION IN DEBT  
- ---- WITHOUT VIVENDI INDEMNIFYING USA FOR THE NET PRESENT VALUE OF USA'S RESULTING TAX LIABILITY?

A13: No, except for certain repayments permitted after May 7, 2004. Otherwise, Vivendi may only refinance the debt, on terms reasonably satisfactory to USA.

Q14: WHAT IS VUE'S DEBT LIMIT?  
- ----

A14: Under USA's agreements with Vivendi, other than the \$1.6 billion debt discussed above, VUE cannot incur more than \$800 million in debt at any one time. The \$800 million cap does not increase even if VUE pays down the \$1.6 billion debt. Also, USA created exceptions to the \$800 million cap that only apply to Vivendi. As a result, any purchaser would not be able to operate VUE in the same manner as it's currently being operated by Vivendi. For example, certain intercompany payables that are currently excluded from the \$800 million cap would have to be settled in order to avoid a breach of the \$800 million cap if VUE was sold. We have included as a separate exhibit to the Form 8-K to which this document is a part the letter agreement that addresses the exceptions to the \$800 million cap.

Q15: WHAT ARE USA'S PRESENT RIGHTS WITH RESPECT TO VUE?  
- ----

A15: The following summarizes USA's existing rights (most of which have been alluded to above):

- o USA has a right to keep all of its common interests in VUE until May 7, 2007 and a right to keep all of its Class A and B preferred interests as well as 1% of its common interests in VUE until May 7, 2022.

- o USA has the right to tag-along on any sale by Vivendi of its common interests in VUE.
- o Without USA's consent, VUE could not issue any equity interests senior to or PARI PASSU with the preferred interests held by USA (including any security exchangeable or convertible into such).
- o Without USA's consent, unless VUE posts the letter of credit described Question 8 above, VUE cannot do any of the following:
  - (1) transfer any assets other than in ordinary course of business unless:
    - (a) at least 50% of the net proceeds are retained or redeployed by VUE, and
    - (b) VUE has at least \$4 billion in consolidated tangible net worth at the time of the sale;
  - (2) incur debt in excess of its debt limit (see Question 14 above); or
  - (3) issue any other preferred equity interests in VUE that are exchangeable for any equity security of VUE (other than common interests) or issue any security exchangeable for cash, cash equivalents or such preferred equity interests.
- o USA is entitled to be indemnified by Vivendi for breaches of any on-going covenants by VUE or Universal Studios, Inc. (including a breach by Universal Studios of (a) its obligations to satisfy USA's put rights relating to its common and Class B preferred interests), and (b) its obligations to ensure that VUE has sufficient equity to satisfy certain of its obligations under the Partnership Agreement).
- o Any sale, directly or indirectly, of the 56.6 million USA shares by Vivendi would require either the consent of USA or the consent of both Mr. Diller and Liberty.
- o Without USA's consent, unless Vivendi indemnifies USA for acceleration of taxes, VUE cannot take the following actions, among others, until May 7, 2017:
  - (1) other than in the ordinary course of business, sell or dispose of more than \$5 million of the assets contributed by USA to VUE (see Answer 11 above for the relevant assets),
  - (2) pay down any part of the \$1.6 billion debt, except for certain refinancings and certain repayments after May 7, 2004, or



- (3) cause any VUE partner or related person to bear the "economic risk of loss" of the \$1.6 billion debt.

Q16: IS USA OR VUE AFFECTED BY LIBERTY'S FRAUD ACTION AGAINST VIVENDI?

- ----

A16: As part of Liberty's fraud action against Vivendi, Liberty is seeking to rescind the Merger Agreement between itself and Vivendi; neither USA nor VUE is a party to that Agreement.

Q17: IS THIS FILING, AS WELL AS THE LITIGATION, INTENDED TO COMPROMISE OR OTHERWISE EFFECT OR RESTRICT VIVENDI'S STATED CURRENT PROCESS OF 'EVALUATING OPTIONS' FOR ITS ENTERTAINMENT ASSETS?

- ----

A17: No. We did not ask for the dispute and our seeking resolution of the dispute could not be postponed - we certainly did not want to take action after Vivendi had taken concrete steps on its entertainment assets, which may happen at any time and we did not want there to be misunderstandings as to why we would take this action now or any other action in the future.

We have no position on whether or not Vivendi keeps all its current entertainment assets...we have said we are perfectly happy for the current situation as outlined in all the agreements to go on forever...and we have said we will continue to treat Vivendi in a collegial and cooperative manner and help them to achieve whatever it is they wish to, provided of course it is not adverse to USA's interests as contained in the provisions of the agreements between us.

\* \* \* \* \*

The description above of USA's rights with respect to Vivendi, VUE and related matters is intended as a summary and is, of course, subject to the full terms of the Transaction Agreement, Partnership Agreement and related agreements, which agreements are on file as exhibits to USA's Form 10-K for the year ended December 31, 2002 and available at [www.sec.gov](http://www.sec.gov). While the above description reflects USA's understanding of its rights, there can be no assurance that others, including Vivendi or VUE, might not disagree on any and all of the descriptions.

Further, this document may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements relating to possible future actions or events and/or statements preceded by, followed by or that include the words "believes," "could," "expects," "anticipates," "estimates," "intends," "plans," "projects," "seeks," or similar expressions. These forward-looking statements involve a number of risks and uncertainties that could cause actual actions or events to differ materially from those suggested by the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions that could have a material adverse effect on USA's businesses, financial condition or results of operations. Investors should consider the information contained in or incorporated by reference into USA's filings with the U.S. Securities and Exchange

Commission (the "SEC"), including USA's Annual Reports on Form 10-K for the fiscal year ended 2002, especially in the Risk Factors section and the Management's Discussion and Analysis section and USA's Current Reports on Form 8-K. Other unknown or unpredictable factors also could have material adverse effects on future events or actions. In light of these risks, uncertainties, assumptions and factors, the forward-looking events and actions discussed in this communication may not occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this communication. We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this communication to reflect circumstances existing after the date of this communication or to reflect the occurrence of future events or actions even if experience or future events or actions make it clear that any expected future events and actions expressed or implied by those forward-looking statements will not be realized.

May 7, 2002

USI Entertainment, Inc.  
 USANI Holdings XX, Inc.  
 Universal Pictures International Holdings BV  
 Universal Pictures International Holdings 2 BV  
 NYCSpirit Corp. II

100 Universal City Plaza  
 Universal City, CA 91608

Attn: Frederick Huntsberry

Dear Frederick:

This letter sets forth our mutual understanding and clarification of certain matters under the Amended and Restated Limited Liability Limited Partnership Agreement (the "Partnership Agreement") of Vivendi Universal Entertainment LLLP ("VUE"), dated as of May 7, 2002 and entered into prior to this letter agreement. Capitalized terms used herein, but not otherwise defined herein, shall have the same meaning as ascribed to such terms in the Partnership Agreement. For good and valuable consideration, the receipt of which is acknowledged, we have agreed as follows:

1.1 ITEMS OF INDEBTEDNESS. The definition of Indebtedness in the Partnership Agreement is not intended to, and does not, treat the following items as "Indebtedness" to the extent such items arise in the ordinary course of business of VUE and its consolidated subsidiaries (each a "Consolidated Subsidiary") as they may exist from time to time (which determination shall be made pursuant to United States generally accepted accounting principles) and are in a manner consistent with the practices of the applicable "VUE Group Entity" (VUE and each of its Consolidated Subsidiaries as they may exist from time to time are referred to herein as a "VUE Group Entity," and collectively referred to herein as the "VUE Group") in effect as of the date hereof; PROVIDED, HOWEVER, such items shall be included (without duplication) in the definition of Indebtedness to the extent any VUE Group Entity borrows money, or incurs obligations evidenced by notes, bonds, debentures or similar instruments, letters of credit, discounting arrangements or similar instruments in order to satisfy the obligations of such items:

(a) deposits or advances;

(b) performance bonds, completion bonds, or surety bonds, in each case to the extent outstanding and undrawn;

(c) normal trade accounts payable (unless more than 90 days past due and not in dispute);

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(d) obligations to pay talent participations, residuals, royalties, or guild obligations attributable to "Product" (as defined below) or employee compensation or benefits; and

(e) (i) obligations to acquire any motion picture, television program, or video production produced for theatrical, non-theatrical, or television release, or for release in any other medium (collectively, "Product") pursuant to a "put" or customary studio negative pick up agreement or (ii) obligations to talent under a "pay or play" services agreement, but, in the case of both Paragraphs 1.1(e)(i) and (ii) hereof, only to the extent that such obligations do not create a Lien on any of the other assets or properties of any VUE Group Entity (including, without limitation, the VUE Group's entertainment library).

For purposes of clarity, the following shall not be deemed to be in the ordinary course of business of the VUE Group and therefore shall not be excluded from the definition of Indebtedness: (i) employee compensation and benefits for persons not engaged in the business of a VUE Group Entity; (ii) employee compensation and benefits for persons employed by Vivendi Universal S.A. ("VU"), and (iii) obligations of any VUE Group Entity in respect of "put" options held by VU employees entitling them to put VU shares or stock options to VU.

1.2 INDEBTEDNESS OF THE VUE GROUP. In clarifying the limitations

on Indebtedness set forth in Section 5.05(a)(iv) of the Partnership Agreement none of the following shall be "Indebtedness" for purposes of Section 5.05(a)(iv) or included in the calculation of Indebtedness for the purposes of clause (iv)(B) of Section 5.05(a) of the Partnership Agreement. For purposes of this letter agreement, "Non-VUE Affiliate" is (i) an entity not within the VUE Group but which is an Affiliate of VU and/or (ii) VU, and references to VUE Affiliates and Non-VUE Affiliates includes as the context requires such entities' predecessor entities.

(a) Indebtedness of any entity that is not a VUE Group Entity provided such Indebtedness is non-recourse as to (i) each and every VUE Group Entity and (ii) the assets and properties of each and every VUE Group Entity. For the avoidance of doubt, the Indebtedness of any entity that is not a VUE Group Entity shall be included in the calculation of Indebtedness for the purposes of clause (iv)(B) of Section 5.05(a) of the Partnership Agreement if and to the extent that such Indebtedness is recourse to (i) any VUE Group Entity or (ii) any assets or properties of any VUE Group Entity.

(b) The liquidation preference of certain preferred equity interests previously issued by Universal Home Video LLLP (together with its successors, "UHV") to the extent (i) the aggregate liquidation preference for such preferred equity interests does not exceed \$200 million (the "Preference Amount"), and the preferred equity interests remain as described in that certain letter agreement dated as of the date hereof and entered into concurrently herewith, regarding the USI Receivable and certain related matters, and (ii) UHV holds a receivable (the

"USI Receivable") (other than the Existing Receivables and the Qualifying Cash Management Receivables, as each is defined below) relating to such transaction from Universal Studios, Inc. in an amount not less than the Preference Amount, which Preference Amount may be offset against the USI Receivable, and (iii) the USI Receivable bears interest at the same rate as the dividend rate (regular and special) on the preferred equity interest.

(c) Loans in the approximate amount of \$1,115.2 million, outstanding on the Closing Date and arising prior to the Closing Date in the ordinary course of business made to VUE Group Entities by Non-VUE Affiliates and bearing interest at an arms'-length rate (the "Existing Debt"), provided, however that if at any time Existing Debt exceeds unencumbered receivables held by VUE Group Entities from Non-VUE Affiliates and arising prior to the Closing Date in the ordinary course of business (excluding the USI Receivable and the Qualifying Cash Management Receivables) and bearing interest at an arms'-length rate ("Existing Receivables"), the excess shall be included in the calculation of Indebtedness for purposes of clause (iv)(B) of Section 5.05(a) of the Partnership Agreement. For purposes of this Paragraph 1.2(c), an interest rate shall be conclusively presumed to be at an arms'-length rate if it is within the range specified in Treasury Regulation Section 1.482-2(a)(2)(iii)(B)(1).

(d) Cash Management Loans, but only to the extent that (i) the aggregate principal balance of the Cash Management Loans do not exceed the aggregate principal balance of the Qualifying Cash Management Receivables, and (ii) Cash Management Loans and Qualifying Cash Management Receivables bear interest at an arms'-length rate. For the avoidance of doubt, (A) Cash Management Loans shall be included in the calculation of Indebtedness for the purposes of clause (iv)(B) of Section 5.05(a) of the Partnership Agreement if and to the extent that the aggregate amount of Cash Management Loans exceeds the aggregate amount of Qualifying Cash Management Receivables, (B) a Cash Management Loan shall be included in the calculation of Indebtedness for the purpose of clause (iv)(B) of Section 5.05(a) if it does not bear interest at an arms'-length rate, and (C) nothing herein shall preclude or restrict the operation of VU's existing cash management system (provided that Cash Management Loans to the extent in excess of Qualifying Cash Management Receivables shall be Indebtedness for the purposes of clause (iv) of Section 5.05(a) of the Partnership Agreement). For purposes of this Paragraph 1.2(d), an interest rate shall be conclusively presumed to be at an arms'-length rate if it is within the range specified in Treasury Regulation Section 1.482-2(a)(2)(iii)(B)(1).

A "Cash Management Loan" is a loan or advance made after the Closing Date in the ordinary course of business as part of VU's cash management system to a VUE Group Entity either by the Funding Entity (as defined below) (directly or as assignee of a Cash Management Loan) or a Non-VUE Affiliate. Loans made by or assigned to the Funding Entity shall be evidenced by a promissory note issued to the Funding Entity (each such note, a "Funding Entity Note"). Each Funding

Entity Note shall be properly annotated to reflect each Cash Management Loan by the Funding Entity to a VUE Group Entity issuing that Funding Entity Note. The Funding Entity shall have the right to surrender a single Funding Entity Note in exchange for multiple Funding Entity Notes (provided the aggregate principal amount of such re-issued Funding Entity Notes shall not exceed the principal amount outstanding under the Funding Entity Note exchanged).

A "Qualifying Cash Management Receivable" is (i) an unencumbered receivable (excluding the USI Receivable and the Existing Receivables) held by a VUE Group Entity from the Funding Entity which shall be evidenced by a promissory note" issued by the Funding Entity to and held by such VUE Group Entity (and which note shall be properly annotated to reflect each receivable owing from the Funding Entity and payable to the VUE Group Entity) and which receivable is, at the option of the VUE Group Entity, payable in cash or by the surrender of a like amount of Cash Management Loans held by the Funding Entity, and provided that the Funding Entity has delivered to the VUE Group Entity holding such unencumbered receivable a Funding Entity Note in a principal amount not less than such receivable, or (ii) an unencumbered receivable (excluding the USI Receivable and the Existing Receivables) held by a VUE Group Entity and secured by a Cash Management Loan Pledged (evidenced by a Lender Note) to such VUE Group Entity as security for such receivable, which receivable in the case of either (i) or (ii), arises in the ordinary course of business as part of VU's cash management system.

The Funding Entity is a single Non-VUE Affiliate which is a VU Subsidiary that (a) has no business other than the business of making loans to VUE Group Entities and borrowing money from VUE Group Entities, or assuming from any Non-VUE Affiliate receivables payable to VUE Group Entities provided that the Funding Entity simultaneously acquires all rights as lender to Cash Management Loans in at least an equal amount, (b) has no assets or liabilities other than the assets and liabilities associated with such business, and (c) otherwise has terms and conditions substantially similar to those relating to V-USA Holding LLC, including the non-economic membership interest being held by USA: provided that nothing herein shall require that the Funding Entity be organized under the laws of any state of the United States.

If and when VUE intends to have Qualifying Cash Management Receivables pursuant to this Paragraph 1.2(d) of this Letter Agreement, then VUE shall give USA prior written notice of such intention and the method it intends to use (i.e., clause (i) or (ii) of the definition of Qualifying Cash Management Receivable). Such method shall not be changed without the prior written notice by VUE to USA. To the extent that the utilization of the method described in clause (ii) of Qualifying Cash Management Receivable does not violate any third party financing agreement to which VU or any Affiliate of VU is a party, or create, or potentially create any adverse (but greater than de minimus) financial impact on VU or any Affiliate of VU, VUE shall utilize the method described in clause (ii) of the definition of Qualifying Cash Management Receivable. VUE shall provide

to USA in advance for its consent: (a) the form of any documentation VUE proposes to effect a Pledge and/or the organizational, loan and receivable documents VUE proposes to use for the Funding Entity, and (b) if a Funding Entity is used, the proposed jurisdiction's laws under which such Funding Entity is to be formed and the proposed form of the Funding Entity, provided that VUE shall not be entitled to exclude from Indebtedness any Cash Management Loans until the requisite consent has been obtained, and provided further that USA may not fail or refuse to give such consent unless such documents, jurisdiction or form are inconsistent with the intent and purpose of this Paragraph 1.2(d), and any non-approval shall provide in reasonable detail information about the inconsistency. VUE shall keep books and records reflecting all transactions that constitute Qualifying Cash Management Receivables and, upon request of USA, VUE shall make available to USA such books and records for inspection.

A "Pledge" is a security interest, and first priority perfected lien, in a Cash Management Loan granted by a Non-VUE Affiliate in favor of a VUE Group Entity which holds a receivable from such Non-VUE Affiliate.

(e) Indebtedness owing from one VUE Group Entity to another VUE Group Entity.

This letter, together with the terms of the Partnership Agreement, sets forth the entire understanding among the Partners to the Partnership Agreement with respect to the subject matter hereof. Other than as expressly set forth herein, the Partnership Agreement speaks for itself and no covenant, representation, or condition not expressed therein or in this letter shall affect, or be effective to interpret, change or restrict the express provisions of the Partnership Agreement.

USA Networks, Inc.

By: /s/

Its:

USANi Sub LLC

By: /s/

Its:

New-U Studios Holdings, Inc.

By: /s/

Its:



Acknowledged and Agreed:  
Vivendi Universal Entertainment LLLP  
by its General Partner USI Entertainment, Inc.

USI Entertainment, Inc.  
USANI Holdings XX, Inc.  
NYCSpirit Corp. II

/s/

- - - - -

In Each Case By: Karen Randall

Executive Vice President or Authorized Person

Universal Pictures International Holdings BV

/s/

- - - - -

By:

Universal Pictures International Holdings 2 BV

/s/

- - - - -

By: