

Subject Company: Ticketmaster
Commission File No. 0-25041

[USA INTERACTIVE LOGO]

USA PROVIDES PRELIMINARY BUDGET TO INVESTMENT COMMUNITY
As filed with the Securities and Exchange Commission on October 24, 2002

In connection with our decision last year to do away with the system of 'guidance,' we instituted the process of releasing our internal budgets for the next year. We spend a good part of the fall months rigorously analyzing each area of USA's operations, each profit and cost center, and then roll them up into operating budgets for the following year. Today we are providing our preliminary budget for 2003. In January, we will release our final budget along with the release of our final year 2002 results.

This communication is meant to explain the evolution of our financial reporting, an evolution that will continue as our still young company grows - as we give shape to our policies and values, adapting in a fairly dynamic way as we gain strength and fiber. Our goal is for our financial reporting to represent our core values to help our shareholders come to fully understand our business and how it is conducted with increasing consistency. Our belief is we serve our shareholders well by the fullest and most forthcoming explanation of our actions.

Now for the important changes we have made since our last report:

CLASSIFICATION OF OPERATING BUSINESSES AND EMERGING BUSINESSES ELIMINATED
Since our company was formed seven years ago, USA and its subsidiaries have completed more than five-dozen acquisitions and launched several new business projects. Some of these were for already 'going' businesses and some were in their infancy, yet to prove themselves as sustainable businesses. For reporting purposes, we thought it appropriate therefore to distinguish 'operating' businesses from 'emerging' businesses. Now that we have some size and experience, we no longer believe this selective distinction is necessary. We'll of course continue investing in new interactive ideas - that's part of our DNA, but we've reached a level of maturity that gives us the discipline to do that and be confident we'll also be growing total profits for the enterprise.

CASH EPS IS NEW PRIMARY BOTTOM LINE METRIC
Our flow of acquisitions created goodwill and other intangibles (e.g., distribution agreements and customer lists) that resulted in significant charges against earnings. Accounting rules have recently changed to eliminate goodwill charges on the income statement, but amortization of other intangibles and other non-cash expenses are still recognized for GAAP purposes. To us, bottom line earnings on a cash basis is more relevant than traditional GAAP because it captures all items that have been, or ultimately will be, settled in cash. We therefore adopted earlier this year Cash EPS as our primary metric.

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EBITA REPLACES EBITDA FOR SEGMENT REPORTING PURPOSES
We also concluded that EBITDA was not the best way to look at divisional performance because it does not include certain operating costs such as depreciation and can be subject to manipulation. As much as we believe this EBITDA is a bad business, we have continued to report it with respect to 2002 results in order to compare segment results against our 2002 budget and prior periods. Beginning with this 2003 budget, we have forever removed EBITDA from our vocabulary. We are instead using EBITA, which includes depreciation for segment reporting purposes. And in order for analysts to change their financial models from EBITDA to EBITA, the budget also reflects depreciation expense by segment.

FREE CASH FLOW PRESENTATION CONFORMS WITH GAAP STATEMENT OF CASH FLOWS
Free Cash Flow is also a key metric for us. It measures the cash generated from continuing operations during the period, net of capital expenditures and other investments relating to operations. In terms of presentation, we are now conforming Free Cash Flow more closely with our GAAP statement of cash flows per

our 10-Q filings.

RESTRICTED STOCK TO REPLACE STOCK OPTIONS

We announced in July that newly issued stock options will be expensed beginning in 2003. However, going forward we intend to issue restricted stock instead of stock options in order to more align the interests of executives with those of long-term investors. Accounting for restricted stock is also more straightforward than it is for stock options. Restricted stock is amortized over the vesting period based on the market value at the time of grant, whereas stock options can be valued based on any number of subjective measures.

We are still planning our compensation program for next year and therefore our budget in this regard will likely change, albeit not materially. In our final budget and in future earnings announcements, we will disclose very clearly the impact of restricted stock on both diluted GAAP EPS and Cash EPS.

Now, with what we hope is the background for shared understanding, to the numbers...

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USA INTERACTIVE

PRELIMINARY BUDGET

Pro Forma for Vivendi and Expedia transactions and pending Ticketmaster merger (\$ IN MILLIONS EXCEPT PER SHARE AMOUNTS)

GROWTH PRO
FORMA
FORECAST

BUDGET -----

----- 2001

2002 2003

'01 - '02

'02 - '03 --

REVENUE HSN

- U.S. \$

1,557 \$

1,623 \$

1,818 4% 12%

Ticketing

(a) 580 642

679 11% 6%

Match.com

(b) 49 126

186 155% 47%

Hotels.com

536 958

1,401 79%

46% Expedia

297 585 819

97% 40% PRC

299 293 316

-2% 8%

Interval (c)

N/A 39 226

N/A N/A

Citysearch

46 31 42

-33% 37%

International

TV shopping

and other

(d) 319 365

486 14% 33%

ECS /

Styleclick

34 39 32 15%

-19% Foreign

exchange

conversion
(47) (36)
(36) 24% -1%
Disengaged
HSN homes
102 (2) -
Intersegment
elimination
(7) (11)
(16) -----

--- TOTAL
REVENUE (e)
\$ 3,766 \$
4,653 \$
5,952 24%
28%

=====
=====

=====
=====
=== EBITA
(f) HSN -
U.S. \$ 126 \$
172 \$ 209
36% 22%

Ticketing
(a) 83 113
124 36% 10%
Match.com
(b) 15 28 38
93% 35%
Hotels.com
80 135 205
70% 52%

Expedia 50
149 199 200%
33% PRC (6)
(6) 7 N/A

N/A Interval
(c) N/A (2)
58 N/A N/A
Citysearch
(39) (30)

(13) 24% 57%
International
TV shopping
and other
(d) (31)
(33) (21)

-8% 38% ECS
/ Styleclick
(73) (26)
(12) 64% 55%
USA

corporate
and other *
(39) (49)
(54) -25%
-10% TMCS

corporate *
(12) (14)
(15) -20%
-4% Foreign
exchange

conversion
(1) 0 (1)
Disengaged
HSN homes 14
- - - - -
- - - - -

--- TOTAL
EBITA (e) \$
167 \$ 437 \$
725 162% 66%

=====
=====

=====
=====
===
ATTRIBUTABLE

EBITA
 EXCLUDING
 INTERVAL (c)
 (g) \$ 119 \$
 330 \$ 513
 178% 56%

For 2004, USA currently anticipates growth in revenue and EBITA of approximately 24% and 46%, respectively.

* USA is currently determining whether to subsume TMCS corporate costs into USA's own corporate group or within the operating subsidiaries, to the extent applicable. This determination is expected to be made when USA files its final budget in January 2003.

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USA INTERACTIVE
 PRELIMINARY BUDGET

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 (\$ IN MILLIONS EXCEPT PER SHARE AMOUNTS)

GROWTH PRO
 FORMA
 FORECAST
 BUDGET -----

 ----- 2001
 2002 2003 '01
 - '02 '02 -
 '03 -----

 DEPRECIATION
 HSN - U.S. \$
 42 \$ 52 \$ 48
 25% -7%
 Ticketing 23
 29 31 24% 8%
 Match.com 2 8
 12 323% 53%
 Hotels.com 2
 4 6 113% 38%
 Expedia 11 17
 25 52% 46%
 PRC 32 38 26
 18% -31%
 Interval (c)
 N/A 2 9 N/A
 N/A
 Citysearch 6
 4 5 -30% 29%
 International
 TV shopping
 and other (d)
 3 11 20 267%
 79% ECS /
 Styleclick 15
 3 3 -80% 6%
 USA corporate
 and other 5 7
 6 47% -13%
 TMCS
 corporate 1 2
 2 47% -2%
 Cable
 distribution
 amortization
 42 51 48 23%
 -6% Foreign
 exchange
 conversion
 (1) (1) (1) -

 - TOTAL
 DEPRECIATION
 \$ 183 \$ 228 \$
 239 25% 5%

=====
 =====

FORECAST
 BUDGET GROWTH
 FREE CASH
 FLOW (h) 2002
 2003 '02 -
 '03 -----

 GAAP Net
 Income \$
 (109) \$ 48
 Depreciation
 and
 amortization
 480 685
 Noncash
 interest
 income (23)
 (37) Equity
 losses of
 unconsolidated
 affiliates
 133 (3)
 Minority
 interest
 (benefit) /
 expense 32 79
 Changes in
 working
 capital and
 other 273 285

 -- ----
 Operating
 Cash Flow \$
 785 \$ 1,056
 35% Capital
 expenditures
 (157) (207)
 Investments
 in HSN
 International
 (31) - -----

 - FREE CASH
 FLOW \$ 597 \$
 848 42%
 =====
 =====

For 2004, USA currently anticipates growth in Free Cash Flow of approximately 25% to approximately \$1 billion.

CAPITALIZATION

In connection with the Expedia transaction which was completed in February 2002, USA issued \$656 million face value 1.99% convertible preferred stock, which is initially convertible at \$33.75 into approximately 19.4 million shares. The company anticipates that the preferred stock will have a dilutive impact in 2003, thus 19.4 million shares will be treated on an as converted basis for purposes of Cash EPS in 2003 (see "Shares outstanding calculation" on next page for further detail). Therefore, the schedule below of USA's capitalization as of September 30, 2002, is pro forma for the conversion of the convertible preferred and for USA's pending merger with Ticketmaster:

Cash and marketable securities:	
USA	\$ 2,117
Expedia	525
Hotels.com	397

Total cash	\$ 3,039
	=====

Attributable cash	(i)	\$ 2,679
Securities in VUE	(j)	2,111
Long-term debt	(k)	(546)

Net attributable cash and securities		\$ 4,244
		=====

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PRELIMINARY BUDGET

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FORECAST

BUDGET GROWTH

2002 2003 '02

- '03 -----

P&L Revenue \$

4,653 \$ 5,952

Operating

expenses

(4,215)

(5,226) -----

----- EBITA

\$ 437 \$ 725

66%

Amortization

of non-cash

compensation,

distribution

and (66)

(104)

marketing

Amortization

of other

intangibles

(non-cash)

(1) (191)

(336)

Disengagement

costs (31)

(21) -----

--- Operating

income 149

265 78%

Interest and

dividend

income 105

106 Equity

losses of

unconsolidated

affiliates

and other (m)

(33) (20) ---

Income before

taxes and

minority

interest 221

352 59%

Income tax

expense (133)

(225)

Minority

interest

expense (n)

(49) (79) ---

- ----- Net

income before

preferred

dividend 39

48 23%
 Preferred
 dividend (13)
 (13) -----

 --- Net
 income
 available to
 common
 shareholders
 \$ 26 \$ 35 35%
 =====
 =====
 =====
 Diluted EPS \$
 0.05 \$ 0.07
 33% =====
 =====
 ===== Cash
 Net Income
 calculation:
 Net income
 before
 preferred
 dividend \$ 39
 \$ 48
 Preferred
 dividend (13)
 -
 Amortization
 of non-cash
 items 257 439
 Less: related
 tax and
 minority
 interest (77)
 (63) -----

 --- CASH NET
 INCOME (o) \$
 206 \$ 424
 105%
 =====
 =====
 ===== CASH
 EPS \$ 0.40 \$
 0.78 96%
 =====
 =====
 ===== Shares
 outstanding
 calculation:
 Basic shares
 outstanding
 494 494
 Treasury
 method
 options,
 warrants and
 restricted
 stock (p) 23
 28 -----

 Diluted
 shares
 outstanding
 517 521
 Common shares
 issuable for
 convertible
 preferred -
 19 -----
 ----- Cash
 EPS shares
 outstanding
 517 541
 =====
 ===== * For
 2004, USA
 currently
 anticipates

growth in
Cash Net
Income and
Cash EPS of
approximately
35%, and
growth in Net
Income and
Diluted EPS
of more than
400%.

FORECAST
BUDGET NET
INCOME BY
SEGMENT (q)
2002 2003 ---

HSN - U.S. \$
49 \$ 14
Ticketing 46
101 Match.com
11 32
Hotels.com 50
78 Expedia 9
11 PRC 3 0
Interval (10)
4 Citysearch
(34) (60)
International
TV shopping
and other
(90) (33) ECS
/ Styleclick
(23) (7) USA
corporate and
other
adjustments
35 (85) TMCS
corporate (9)
(7) ----- --
---- Net
income before
non-recurring
items and
preferred
dividend \$ 39
\$ 48 =====
=====

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USA INTERACTIVE
PRELIMINARY BUDGET

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FOOTNOTES

- (a) USA expects Ticketing growth in 2003 to be slower than 2002 due mainly to investment in new products, which it believes will begin to positively impact results in 2004.
- (b) USA expects Match.com growth in 2003 to be slower than 2002 due mainly to increased consumer marketing to grow the subscriber base, which it believes will begin to positively impact results in 2004.
- (c) 2002 and 2001 data is not pro forma for USA's acquisition of Interval on September 24, 2002. Excluding the effects of that transaction, revenues and EBITA are expected to grow by 24% and 52%, respectively, in 2003.
- (d) International TV Shopping and Other includes HSE Germany, Euvia, Hot Networks, HSN emerging businesses, TV Travel Group and overhead costs related to HSN International.
- (e) USA has eliminated the distinction between its "Operating" and "Emerging"

businesses for segment reporting purposes. (Operating businesses had consisted of HSN-U.S., Ticketing, Match.com, Hotels.com, Expedia, PRC, Interval and Corporate; Emerging businesses had consisted of Citysearch, International TV shopping and other, and ECS/Styleclick.) Revenue and EBITA from Operating businesses is expected to grow 29% and 50%, respectively, in 2002 and 28% and 45%, respectively, in 2003.

- (f) EBITA is defined as operating income plus: amortization of (1) non-cash distribution and marketing expense, (2) non-cash compensation expense, (3) other intangibles (and goodwill in 2001), and (4) disengagement related payments to cable operators and marketing expenses related to the transfer of HSN's distribution to cable (which has been accomplished).
- (g) Attributable EBITA is defined as EBITA, less the percentage of EBITA attributable to minority shareholders of USA's public subsidiaries. This percentage is determined based on the Q3 2002 weighted average of USA's fully diluted, treasury method ownership in USA's public subsidiaries, which was 67% for Hotels.com and 56% for Expedia.
- (h) Free cash flow is defined as operating cash flow from continuing operations, less capital expenditures and other investments relating to operations. Free cash flow also includes cash received and tax payment related to the VUE securities. Free cash flow excludes tax payments of \$157 million in 2002 and \$172 million in 2003 related to the sale of USA Broadcasting to Univision, which closed in August 2001.
- (i) Includes attributable cash from USA's public subsidiaries, based on the Q3 2002 weighted average of USA's fully diluted, treasury method ownership in each of its public subsidiaries (see note g above). Excludes cash due to clients at Ticketmaster.
- (j) Includes securities issued to USA in connection with the Vivendi transaction, as follows: Class A and Class B preferred interests and 5.44% common interest in Vivendi Universal Entertainment ("VUE") at balance sheet carrying values, less the estimated present value of taxes on the above securities.
- (k) Consists primarily of \$500 million face value 6.75% Senior Notes due November 15, 2005. Subsequent to September 30, 2002, USA purchased approximately \$47 million of its Senior Notes in the open market.
- (l) The increase in amortization of intangibles relates primarily to the step-up in basis of HSN related to the Vivendi transaction, which closed in May 2002. The company is in the process of evaluating the intangibles related to this and other acquisitions completed in 2002, including Interval and TV Travel Group, and expects to be completed by year end. To the extent additional acquisitions are completed in the future, amortization of intangibles could increase.
- (m) Assumes no impact from 5.44% investment in Vivendi Universal Entertainment ("VUE").
- (n) Ownership in public subsidiaries is calculated on a fully diluted basis (see note g above).
- (o) Cash Net Income is defined as net income available to common shareholders plus: amortization of (1) non-cash distribution and marketing expense, (2) non-cash compensation, and (3) other intangibles (and goodwill in 2001), net of related tax and minority interest expense. Excludes non-recurring items, such as restructuring charges. All amounts are presented on a fully diluted, treasury method basis.
- (p) For purposes of calculating Diluted EPS, restricted stock will be treated on a treasury method basis. For purposes of calculating Cash EPS, restricted stock will include all restricted shares issued. USA is still in the process of planning its compensation program for next year and will disclose the final projected impact of restricted stock to both Diluted EPS and Cash EPS when it issues its final budget in January and in future earnings releases.
- (q) Net income by segment is net of amortization of (1) non-cash distribution and marketing expense, (2) non-cash compensation expense, and (3) other intangibles, including purchase accounting adjustments, net of related taxes; and minority interest. Excludes non-recurring items such as restructuring charges. All amounts are presented on a fully diluted, treasury method basis. Taxes have been allocated to wholly-owned subsidiaries, and the amounts may not be representative as if the subsidiary operated on a standalone basis.

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ADDITIONAL INFORMATION AND WHERE TO FIND IT

IN CONNECTION WITH THE PROPOSED TRANSACTION WITH TICKETMASTER, USA WILL FILE A REGISTRATION STATEMENT WITH A PROSPECTUS, WHICH ALSO WILL CONTAIN AN INFORMATION STATEMENT OF TICKETMASTER, WITH THE SEC. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PROSPECTUS AND INFORMATION STATEMENT CAREFULLY WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. INVESTORS AND SECURITY HOLDERS MAY OBTAIN FREE COPIES THE PROSPECTUS AND INFORMATION STATEMENT, ONCE AVAILABLE, AND OTHER DOCUMENTS FILED BY USA AND TICKETMASTER WITH THE SEC, AT THE SEC'S WEB SITE AT WWW.SEC.GOV. FREE COPIES OF THE PROSPECTUS AND INFORMATION STATEMENT, ONCE AVAILABLE, AND OTHER FILINGS MADE BY USA OR TICKETMASTER WITH THE SEC, MAY ALSO BE OBTAINED FROM USA BY DIRECTING A REQUEST TO USA INTERACTIVE, 152 WEST 57TH STREET, NEW YORK, NEW YORK 10019, ATTENTION: INVESTOR RELATIONS.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This business outlook contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements relating to USA's anticipated financial performance, business prospects, new developments, new merchandising strategies and similar matters, 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 are necessarily estimates reflecting the best judgment of USA's senior management 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 are subject to risks, uncertainties and assumptions that could have a material adverse effect on USA's business, financial condition or results of operations. You should understand that the following important factors could affect USA's future results and could cause those results to differ materially from those expressed in the forward-looking statements: (1) the risk that USA's and Ticketmaster's businesses will not be integrated successfully; (2) costs related to the proposed transaction; (3) material adverse changes in economic conditions generally or in USA's markets or industries; (4) future regulatory and legislative actions and conditions affecting USA's operating areas; (5) competition from others; (6) successful integration of our divisions' management structures; (7) product demand and market acceptance; (8) the ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms; (9) the ability to expand into and successfully operate in foreign markets; and (10) obtaining and retaining skilled workers and key executives. In addition, investors should consider the other information contained in or incorporated by reference into USA's filings with the U.S. Securities and Exchange Commission (the "SEC"), including its Annual Report on Form 10-K for the fiscal year ended 2001, especially in the Management's Discussion and Analysis section, its most recent Quarterly Report on Form 10-Q and its Current Reports on Form 8-K. Other unknown or unpredictable factors also could have material adverse effects on USA's future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this business outlook may not occur. These forward-looking statements should not be regarded as an indication that USA considers them to be a reliable prediction of future events. 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 business outlook.

USA does not make any representations to any person regarding the ultimate performance of USA compared to the information contained in this business outlook and USA is not under any obligation and does not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this business outlook to reflect circumstances existing after the date of this business outlook or to reflect the occurrence of future events even if experience or future events make it clear that any or all of the assumptions underlying the business outlook are shown to be in error or any expected results expressed or implied by those forward-looking statements will not be realized.

