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As Filed with the Securities and Exchange Commission on January 24, 2003

Registration No. 333-[•]

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

USA INTERACTIVE

(Exact Name of Registrant as Specified in its Charter)

Delaware	**4833**	**59-2712887**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

152 West 57th Street
New York, New York 10019
(212) 314-7300
(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

USANi LLC

(Exact Name of Registrant as Specified in its Charter)

Delaware	**6790**	**59-3490970**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

152 West 57th Street
New York, New York 10019
(212) 314-7300
(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

David Ellen
Deputy General Counsel and Assistant Secretary
USA Interactive
152 West 57th Street
New York, New York 10019
(212) 314-7300
(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent For Service)

Copy to:

J. D. Weinberg
Covington & Burling
1330 Avenue of the Americas
New York, New York 10019
(212) 841-1000

Approximate Date of Commencement of Proposed Sale to the Public: As soon as practicable after this registration statement becomes effective.

If the securities registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Securities Act"), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	**Amount to be Registered**	**Proposed Maximum Offering Price Per Share[(1)]**	**Proposed Maximum Aggregate Offering Price[(1)]**	**Amount of Registration Fee[(2)]**
7% Senior Notes due 2013	$750,000,000	100%	$750,000,000	$69,000
USANi's Guarantee	(3)	(3)	(3)	(4)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f)(2) under the Securities Act of 1933, as amended.
(2) Reflects the product of (a) 0.000092 by (b) the book value of the securities to be received by the Registrant in the exchange, in accordance with Rule 457(f)(2) under the Securities Act. Pursuant to Rule 457(p) under the Securities Act, $10,786.14 of the $146,049.14 filing fee previously paid in connection with the registration statement on Form S-4 (No. 333-101199) of USA Interactive, filed on November 14, 2002, is being offset against the filing fee due in connection with the filing of this registration statement. Accordingly, a filing fee of $58,213.86 is being paid in connection with the filing of this registration statement. After such offset, no balance remains from the filing fee paid with Registration No. 333-101199.
(3) No separate fee is payable pursuant to Rule 457(n) under the Securities Act.
(4) No further fee is payable pursuant to Rule 457(n).

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell or issue these securities until the registration statement filed with the Securities and Exchange Commission relating to these securities is effective. This prospectus is not an offer to sell any securities, and it is not soliciting an offer to buy any securities, in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated January 24, 2003

PROSPECTUS

$750,000,000

USA INTERACTIVE

Exchange offer of our 7% Senior Notes due 2013
for all of our outstanding 7% Senior Notes due 2013

We are offering to exchange 7% senior notes due 2013 that we have registered under the Securities Act of 1933, as amended, for all our previously issued and outstanding 7% senior notes due 2013. We refer to the notes offered in this registered offering as the "exchange notes" and the outstanding 7% senior notes due 2013 as the "old 7% notes." We refer to the old 7% notes and the exchange notes together as the "notes."

The Exchange Offer

- We will exchange all outstanding old 7% notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes.
- You may withdraw tenders of the old 7% notes at any time prior to the expiration of the exchange offer.
- The exchange offer expires at 5:00 p.m., New York City time, on [•], 2003, unless extended. We do not currently intend to extend the expiration date.
- We do not intend to apply for listing of the exchange notes on any securities exchange or to arrange for them to be quoted on any quotation system.

The Exchange Notes

- The terms of the exchange notes will be substantially identical to the old 7% notes, except that transfer restrictions and registration rights relating to the old 7% notes do not apply to the exchange notes.
- We will not receive any proceeds from the exchange offer.
- The exchange notes, like the old 7% notes, will be unsecured obligations of USA Interactive and will be unconditionally guaranteed by our wholly-owned subsidiary, USANi LLC. USANi's guarantee will terminate whenever the $6^{3}/_{4}$% Senior Notes due 2005 co-issued by USA Interactive and USANi cease to be outstanding or USANi's obligations under such notes and the related indenture are discharged or defeased pursuant to the terms thereof.

You should carefully review the risk factors beginning on page 9 of this prospectus before making an investment decision.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION, NOR ANY STATE SECURITIES COMMISSION, HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is [•], 2003.

You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this prospectus.

TABLE OF CONTENTS

In this prospectus, "USA," "Company," "we," "us" and "our" refer to USA Interactive and its subsidiaries and "USA Interactive" refers only to "USA Interactive," in each case, unless the context requires otherwise. However, for purposes of "Description of Notes," whenever we refer to "USA" or to "us," or use the terms "we" or "our," we are referring only to USA Interactive and not to any of our subsidiaries and, whenever we refer to the "notes," we are referring also to any additional notes issued under the indenture.

In this prospectus, "Securities Act" refers to the Securities Act of 1933, as amended, and "Exchange Act" refers to the Securities Exchange Act of 1934, as amended.

NOTE ON COPYRIGHTS AND TRADEMARKS

Expedia and Expedia.com, among others, are copyrights and trademarks of Expedia, Inc. Ticketmaster, ticketmaster.com, Ticketfast, Citysearch.com and Match.com, among others, are copyrights and trademarks of Ticketmaster. Hotels.com, among others, is a copyright and trademark of Hotels.com. Styleclick and Styleclick.com, among others, are copyrights and trademarks of Styleclick, Inc. Entertainment® Book, among others, is a copyright and trademark of Entertainment Publications, Inc. uDate.com, www.udate.com and www.kiss.com, among others, are copyrights and trademarks of uDate.com, Inc.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This prospectus and filings with the Securities and Exchange Commission, or the Commission, that are incorporated by reference into this prospectus contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. For those statements, USA claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements relating to our 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," "should," "expects," "anticipates," "estimates," "intends," "plans," "projects," "seeks" or similar expressions. These forward-looking statements are necessarily estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties, including those described in the section "Risk Factors," 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 our offering of the exchange notes and/or on our businesses, financial condition or results of operations. In addition, investors should consider the other information contained in or incorporated by reference into our filings with the Commission, including our Annual Reports on Form 10-K, as amended, for the fiscal year ended 2001, especially in the Management's Discussion and Analysis section, our most recent Quarterly Reports on Form 10-Q, as amended, and our Current Reports on Form 8-K. Other unknown or unpredictable factors also could have material adverse effects on our future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this prospectus 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 prospectus.

You should understand that the following important factors, in addition to those discussed in the documents incorporated in this prospectus by reference, could affect our future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- material adverse changes in economic conditions generally or in our markets or industries;
- future regulatory and legislative actions and conditions affecting our operating areas;
-

competition from others;

- successful integration of our acquired assets and entities, and divisions' management structures;
- 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;
- obtaining and retaining key executives and skilled employees; and

- other risks and uncertainties as may be detailed from time to time in our and our publicly held subsidiaries' public announcements and filings with the Commission.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or any other reason. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus may not occur.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Commission under the Securities Exchange Act of 1934, as amended, or the Exchange Act. You may read and copy this information at the Commission's public reference room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. Our filings with the Commission are also available to you free of charge at the Commission's website at www.sec.gov.

We have "incorporated by reference" information into this prospectus, which means that we have disclosed important information to you by referring you to other documents that have been filed with the Commission. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained directly in this prospectus, and later information filed with the Commission will update and supersede this information. We incorporate by reference the documents listed below and any future filings made by USA Interactive with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of this offering of the notes:

USA Interactive Filings

- Annual Report on Form 10-K for the year ended December 31, 2001, as amended by Amendments No. 1 and 2 to the Annual Report on Form 10-K/A;
- Quarterly Reports on Form 10-Q for the first quarter ended March 31, 2002, as amended by Amendment No. 1 and No. 2 to the Quarterly Report on Form 10-Q/A; for the second quarter ended June 30, 2002, as amended by Amendment No. 1 to the Quarterly Report on Form 10-Q/A; and for the third quarter ended September 30, 2002;
- Definitive proxy statement filed on March 25, 2002;
- Definitive proxy statement filed on April 30, 2002;
- Definitive information statement/prospectus filed on December 19, 2002; and
- Current Reports on Form 8-K and amendments thereto filed on January 29, 2002 (other than Exhibits 99.2 and 99.3); February 12, 2002; March 1, 2002; March 15, 2002; April 24, 2002 (other than Exhibit 99.2); May 17, 2002; June 3, 2002 (announcing USA's intention to commence exchange offers); June 5, 2002; July 24, 2002 (other than Exhibit 99.2); September 20, 2002; September 25, 2002; October 10, 2002 (announcing the pending Ticketmaster merger); October 24, 2002; October 25, 2002; December 6, 2002; December 13, 2002; and January 21, 2003.

Expedia, Inc. Filings

- Audited consolidated financial statements and financial statement schedule of Expedia for the six-month period ended December 31, 2001, as set forth on pages F-1 to F-31 of the Transition Report on Form 10-K.

Information contained on our websites is not part of this prospectus. You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. The information contained in this prospectus is accurate only as of the date of this prospectus and, with respect to material incorporated herein by reference, the dates of such referenced material.

As used in this prospectus, the term "prospectus" means this prospectus, including the documents incorporated by reference, as the same may be amended, supplemented or otherwise modified from time to time. Statements contained in this prospectus as to the contents of any contract or other document referred to in this prospectus do not purport to be complete and, where reference is made to the particular provisions of such contract or other document, such provisions are qualified in all respects by reference to all of the provisions of such contract or other document. We will provide without charge to each person to whom a copy of this prospectus has been delivered, on the written or oral request of such person, a copy of any or all of the documents which have been or may be incorporated in this prospectus by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference in any such documents) and a copy of any or all other contracts or documents which are referred to in this prospectus.

You may request free copies of any or all of these filings by writing or telephoning us at the following address: USA Interactive, 152 West 57th Street, New York, New York 10019, Telephone: (212) 314-7300, Attention: Corporate Secretary.

TO INSURE TIMELY DELIVERY, YOU SHOULD REQUEST THE DOCUMENTS AND INFORMATION NO LATER THAN [•], 2003.

SUMMARY

This summary highlights only selected information from this prospectus and may not contain all the information that may be important to you. To understand the terms of the exchange notes and the guarantee being offered by this prospectus, you should read the entire prospectus and the documents identified under the caption "Where You Can Find More Information."

As used in this prospectus, references to "pro forma" statement of operations refer to our results of operations, for the relevant period, after giving effect to (1) USA's acquisition of a controlling interest in Expedia, Inc., which occurred on February 4, 2002, which we refer to as the Expedia transaction, (2) the exchange of USANi shares for USA shares by Liberty Media Corporation and the cancellation of USANi shares held by Vivendi Universal, S.A., related to USA's contribution of its Entertainment Group to Vivendi Universal Entertainment LLLP, or VUE, which occurred on May 7, 2002, which we refer to as the VUE transaction, (3) Liberty's exchange of all of its Home Shopping Network, Inc. shares for USA shares, which occurred on June 27, 2002, which we refer to as the Home Shopping Network, Inc. exchange, and (4) USA's acquisition of all outstanding shares in Ticketmaster common stock not already owned by USA, which occurred on January 17, 2003, which we refer to as the Ticketmaster merger, as if such transactions had occurred as of the beginning of the periods presented. In addition, our pro forma results of operations for the year ended December 31, 2001, give effect to the combination of Ticketmaster Online-Citysearch, Inc. and Ticketmaster Group, Inc., which occurred on January 31, 2001, which we refer to as the Ticketmaster combination, as if the Ticketmaster combination had occurred as of January 1, 2001. All amounts exclude the results of USA Entertainment Group, which was contributed to VUE on May 7, 2002. See also "The Company—Corporate History."

The Company

USA Interactive (Nasdaq: USAI) engages worldwide in the business of interactivity via the Internet, the television and the telephone. USA's multiple brands are organized across three areas: Electronic Retailing, Information & Services and Travel Services. Electronic Retailing is comprised of HSN, America's Store, HSN.com, and Home Shopping Europe and Euvía in Germany. Information & Services includes Ticketmaster, Match.com, uDate (transaction pending), Citysearch, Evite, Entertainment Publications (transaction pending) and Precision Response Corporation. Travel Services consists of Expedia (Nasdaq: EXPE), Hotels.com (Nasdaq: ROOM), Interval International, TV Travel Group and USA's forthcoming U.S. cable travel network.

USANi LLC

USANi LLC is a wholly-owned subsidiary of USA that holds HSN and ECS/Styleclick. USANi is a co-issuer with USA Interactive of $500 million principal amount of $6^{3}/_{4}$% Senior Notes due 2005 and the guarantor of our old 7% notes and the exchange notes offered in this exchange offer.

Business Strategy

Our businesses generally act as interactive intermediaries between suppliers and consumers, selling multiple brands across various distribution channels. USA's businesses enable billions of dollars worth of transactions via television, the Internet and telephone.

USA is currently focused on interactive commerce, providing transactional services via television and the Internet. USA's goals include improving organic growth, driving online migration, expanding our margins and exploring strategic acquisition opportunities.

- **Organic growth.** Our goal is to achieve industry-leading growth, in part by increasing the number of our active customers, the transaction value of their average orders and the frequency of their purchases. We believe this may be accomplished by offering, in a convenient manner, a

growing selection of goods and services. We are also expanding our direct channels of distribution with various suppliers and cable operators and our network of affiliates.

- **Online migration.** We are generally focused on product categories and services that we believe can be scaled online, such as travel, ticketing and personals. For certain products and services, we believe consumers find that shopping online can offer more convenience and greater value compared, for example, to going to stores. We also seek to be a leader in areas where we believe the interactive channel may help expand a particular marketplace overall, such as personals.
- **Margin expansion.** Our travel, ticketing and personals businesses are generally information intensive and have cost structures that are, to a large extent, fixed. As such, we are able to realize higher profit margins on incremental revenue growth. We believe this contributed to the increase in our pro forma EBITDA margin to 13.2% for the nine months ended September 30, 2002, up from 9.5% for the twelve months ended December 31, 2001.
- **Opportunistic acquisitions.** We have made numerous acquisitions in the past and expect to continue to explore acquisition opportunities that we believe make sense strategically and financially. Our publicly traded stock and strong balance sheet provide us with flexibility in pursuing these opportunities. Among other things, we plan to focus on: (1) companies with potential for high free cash flow generation; (2) transaction-based interactive companies in growth markets with online migration potential; and (3) complementary businesses that we believe would extend our existing portfolio, such as USA's recent acquisition of Interval International and our recently announced proposed acquisitions of Entertainment Publications, Inc. and uDate.com.

Competitive Strengths

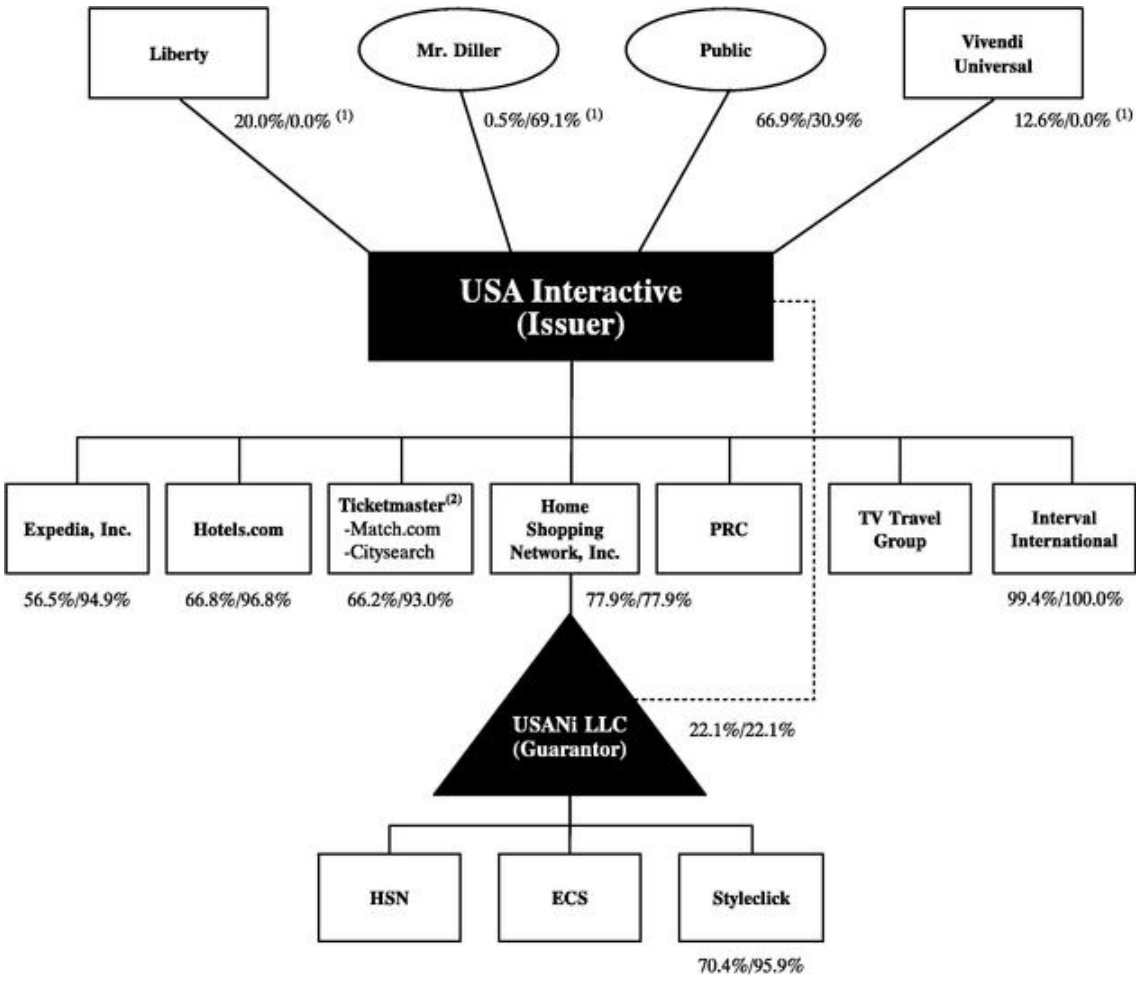
We believe our following strengths should help us to achieve our goals:

- **Industry leadership.** HSN, Ticketmaster, Match.com, Hotels.com and Expedia are each among the leading interactive companies in its respective category. We believe this indication of consumer acceptance reflects the quality of our brands and the demand for our services.
- **Infrastructure and technology.** Our businesses have made significant investments to build and maintain our infrastructure and improve our technology, which we believe can accommodate transactions and customer service at significant scale. For example, HSN-U.S. shipped approximately 28 million units during the nine months ended September 30, 2002. Expedia's technology provides expert search and dynamic pricing for various types of travel packages. Ticketmaster sold more than 40% of its tickets via the Internet during the three months ended September 2002, up from 4% for calendar year 1998, in part as a result of improvements in its technology.
- **Financial strength.** As of September 30, 2002, we had consolidated cash and marketable securities of approximately $3.2 billion, including our attributable share of cash held by our public subsidiaries. Excluding all cash held by our public subsidiaries as of September 30, 2002, our cash and marketable securities would have been approximately $1.9 billion as of such date.
- **Relationships with suppliers and cable operators.** USA has a diverse distribution network which stems, to a large degree, from contractual relationships with suppliers and partners. These relationships give our customers access to a wide selection of products and services. According to Kagan World Media, through its distribution agreements with cable and digital broadcast satellite, or DBS, operators, HSN reached approximately 78 million homes as of September 30, 2002.
- **Strong leadership.** Barry Diller, our chairman and chief executive officer, has led USA (and predecessor companies) since August 1995. Mr. Diller, who enjoys a strong reputation in the business and investment community, was previously Chairman of QVC, Fox Inc. and Paramount Studios.

Organizational Structure

The following diagram is a simplified illustration of USA's organizational structure. Subsidiaries are wholly-owned unless otherwise noted. Percentages represent equity ownership/voting power. Percentages of equity ownership for USA Interactive are based on shares outstanding as of September 30, 2002. Percentages of equity ownership for USA Interactive's subsidiaries are based on fully diluted shares using the treasury method as of September 30, 2002.

In connection with the Ticketmaster merger that was completed on January 17, 2003, USA Interactive issued an aggregate of approximately 45.4 million shares of USA common stock to former Ticketmaster stockholders. In general, such issuance of USA common stock has increased the public's equity ownership/voting power of USA Interactive and, subject to Liberty's exercise of its preemptive right to purchase a number of shares of USA common stock to maintain its percentage equity interest in USA Interactive, decreased the equity ownership/voting power of the other stockholders of USA Interactive. See "*—Recent Developments—Ticketmaster transaction.*"



(1) The voting power reflects Mr. Diller's general right to vote USA shares owned by Liberty and Vivendi. See "*The Company—Voting Control.*"

(2) On January 17, 2003, USA consummated the Ticketmaster merger, and Ticketmaster became a wholly-owned subsidiary of USA.

Recent Developments

Ticketmaster transaction. On January 17, 2003, USA completed its acquisition of all of the outstanding shares of Ticketmaster common stock that USA did not already own. The acquisition was accomplished by the merger of a wholly-owned subsidiary of USA with Ticketmaster, with Ticketmaster surviving as a wholly owned subsidiary of USA.

In the merger, each outstanding share of Ticketmaster Class A common stock and Ticketmaster Class B common stock (other than shares held by USA, Ticketmaster and their subsidiaries) was converted into the right to receive 0.935 of a share of USA common stock. USA issued an aggregate of approximately 45.4 million shares of USA common stock in the merger. As a result of the merger, shares of Ticketmaster Class B common stock, which prior to the merger traded on the Nasdaq National Market under the symbol "TMCS," were delisted from trading.

Entertainment Publications transaction. On November 21, 2002, USA announced that it had entered into a definitive agreement to purchase Entertainment Publications, Inc., originator of the Entertainment® Book, for approximately $370 million in a combination of cash and USA common stock (up to 50% of the consideration), subject to a maximum discount to USA of $10 million in the event that USA elects to pay all cash. Based in Michigan, Entertainment Publications sells annual memberships for Entertainment® Books which contain discount offers on dining, hotels, shopping and leisure activities. Entertainment Publications serves many major markets and does business with tens of thousands of local merchants and national retailers. The transaction is expected to be completed no later than the first quarter of 2003, subject to standard closing conditions and approvals.

VUE tax matter. In connection with the formation of VUE, we and various of our affiliates entered into an amended and restated limited liability limited partnership agreement, or the Partnership Agreement, dated as of May 7, 2002, with various affiliates of Vivendi Universal, S.A., as well as Mr. Diller. Pursuant to the Partnership Agreement, VUE "shall, as soon as practicable after the close of each taxable year, make cash distributions" to each partner, including USA and its affiliates, with respect to taxable income of VUE allocated to the partner for the taxable year. Also pursuant to the Partnership Agreement, taxable income of the partnership is to be allocated to USA and its affiliates in a specified order, including amounts corresponding to the cash and pay-in-kind distributions on USA's preferred interests in VUE (which represent a 5% annual return on those interests) (the "Preferred Return"). The actual amount of cash distributions with respect to taxable income on the Preferred Return would depend on several factors, including the amount of VUE's earnings and federal, state and local income tax rates. Assuming sufficient VUE earnings in each of the next 20 years and a discount rate of 7%, such cash distributions could have a present value to USA of up to approximately $620 million.

Vivendi has advised USA that it does not believe that VUE is obligated under the Partnership Agreement to make these payments in respect of taxable income allocated to USA and its affiliates with respect to the Preferred Return.

USA has advised Vivendi that the contract language is entirely clear on this point and, in fact, was the subject of negotiation between the parties. Moreover, the document language and all revisions were at all times drafted and controlled by Vivendi. USA has asked VUE and Vivendi to acknowledge the obligations expressly set forth in the agreement. Vivendi has stated that VUE does not owe USA a tax distribution on USA's preferred interest in VUE and, to date, the disagreement remains unresolved.

uDate.com transaction. On December 19, 2002, USA announced that it entered into an agreement to acquire uDate.com, Inc., a global online personals group based in Derby, England, which provides dating and matchmaking services through www.udate.com and www.kiss.com, for approximately $150 million in USA common stock, subject to various adjustments. The transaction is expected to close in the first quarter of 2003, subject to standard closing conditions and approvals.

Summary of Terms of the Exchange Notes

The form and terms of the exchange notes and the old 7% notes are substantially identical in all material respects, except that the transfer restrictions and registration rights applicable to the old 7% notes do not apply to the exchange notes. The exchange notes will evidence the same debt as the old 7% notes and will be governed by the same indenture. The old 7% notes and exchange notes are together referred to as the "notes," and USANi's guarantee of the old 7% notes and its guarantee of the exchange notes are together referred to as "USANi's guarantee," in this prospectus.

Issuer	USA Interactive.
Guarantee	The notes are unconditionally guaranteed by USANi LLC, a wholly-owned subsidiary of USA. USANi's guarantee will terminate whenever the $6^{3}/_{4}$% Notes due 2005 issued by USA Interactive and USANi cease to be outstanding or USANi's obligations under such notes and the related indenture are discharged or defeased pursuant to the terms thereof. Accordingly, USANi's guarantee is currently scheduled to terminate on November 15, 2005, but may be terminated earlier.
Notes Offered	7% Senior Notes due 2013.
Maturity	January 15, 2013.
Interest Payment Dates	January 15 and July 15 of each year, beginning July 15, 2003.
Optional Redemption	We may redeem some or all of the notes at any time, at our option, at a redemption price equal to the greater of (a) 100% of the aggregate principal amount of the notes being redeemed or (b) the sum of the present values of the remaining scheduled payments of principal and interest in respect of the notes to be redeemed that would be due after the redemption date had the redemption not occurred, obtained by discounting such remaining scheduled payments to the redemption date at the treasury rate plus 50 basis points, on a semi-annual basis, in each case, plus any accrued and

	unpaid interest to the date of redemption. See "*Description of Notes—Optional Redemption*."
Ranking	The notes are our senior unsecured obligations and rank equally with all of our existing and future senior unsecured obligations. So long as the guarantee is in effect, USANi's guarantee is a senior unsecured obligation of USANi and ranks equally with its existing and future senior unsecured obligations.
	The notes are effectively subordinated to all of our existing and future secured indebtedness to the extent of the assets securing such indebtedness and are structurally subordinated to all liabilities of our subsidiaries (other than USANi so long as USANi's guarantee is in effect), including trade payables. So long as the guarantee is in effect, USANi's guarantee is effectively subordinated to all of USANi's existing and future secured indebtedness to the extent of the assets securing such indebtedness and is structurally subordinated to all liabilities of USANi's subsidiaries, including trade payables. As of September 30, 2002, after giving pro forma effect to the issuance of the old 7% notes:
	• we and our subsidiaries had approximately $24.2 million of secured indebtedness, including approximately $4.0 million of capital lease obligations;

	• our subsidiaries (other than USANi) had approximately $1,874.5 million of unsecured liabilities, of which approximately $309.8 million was owed to USA Interactive or to USANi; and
	• USA Interactive and USANi had approximately $5,237.4 million of unsecured unsubordinated liabilities, consisting in part of $750.0 million aggregate principal amount of notes, approximately $498.7 million of 6 3/4% Senior Notes due 2005, approximately $258.2 million of current and long-term liabilities and approximately $2,175.6 million of deferred taxes related to the VUE transaction.
Certain Covenants	The indenture governing the notes contains covenants limiting our ability to:
	• create liens; and
	• consolidate, merge or transfer all or substantially all of our assets.
	These covenants are subject to important exceptions and qualifications described under "*Description of Notes—Covenants*."

Summary of the Exchange Offer

Background	On December 16, 2002, we issued $750,000,000 aggregate principal amount of our old 7% notes to Lehman Brothers Inc. and J.P. Morgan Securities Inc., as initial purchasers, in a private offering. In connection with the private offering, USA Interactive, USANi and the initial purchasers entered into the exchange and registration rights agreement in which we agreed to deliver to you this prospectus and agreed to:
	• file a registration statement with the Commission no later than 120 days after December 16, 2002;
	• cause the registration statement to become effective no later than 210 days after December 16, 2002; and
	• complete the exchange offer no later than 240 days after December 16, 2002.
The Exchange Offer	We are offering the exchange notes in exchange for an equal principal amount of outstanding old 7% notes. As of the date of this prospectus, there are $750,000,000 aggregate principal amount of the old 7% notes outstanding. You may tender the old 7% notes only in integral multiples of $1,000 principal amount.
Resale of Exchange Notes	We believe that you may resell the exchange notes issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act if:
	• you are acquiring the exchange notes in the ordinary course of your business;
	• you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in the distribution of the exchange notes; and
	• you are not an "affiliate" of ours, as such term is defined under Rule 405 of the Securities Act.

	If you fail to satisfy any of these conditions, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the exchange notes.
	Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer in exchange for the old 7% notes that it acquired as a result of market-making or other trading activities must deliver a prospectus in connection with any resale of the exchange notes and provide us with a signed acknowledgement of this obligation. See "*Plan of Distribution*."
Consequences of Failure to Exchange Old Notes	If you do not exchange the old 7% notes held by you during the exchange offer, you will no longer be entitled to registration rights. You will not be able to offer or sell old 7% notes, unless they are registered, sold pursuant to an exemption from registration or

	sold in a transaction not subject to the Securities Act or state securities laws. Other than in connection with the exchange offer, we are not obligated to, nor do we currently anticipate that we will, register the old 7% notes under the Securities Act.
Expiration Date	5:00 p.m., New York City time, on [•], 2003, unless we extend the exchange offer. We do not currently intend to extend the exchange offer.
Conditions to the Exchange Offer	The exchange offer is subject to limited, customary conditions, which we may waive. See *"The Exchange Offer—Conditions."*
Procedures for Tendering Old Notes	If you wish to accept the exchange offer, you must timely deliver to the exchange agent:
	• either a properly completed and duly executed letter or transmittal or, for the old 7% notes tendered electronically, an agent's message from DTC stating that the tendering participant agrees to be bound by the letter of transmittal and the terms of the exchange offer;
	• the old 7% notes held by you, either by tendering them in physical form or by timely confirmation of book-entry transfer through DTC; and
	• all other documents required by the letter of transmittal.
Guaranteed Delivery Procedures	If you wish to tender the old 7% notes but you cannot get your required documents to the exchange agent by the expiration date, you may still tender such notes according to the guaranteed delivery procedures described under *"The Exchange Offer—Guaranteed Delivery Procedures."*
Acceptance of Old 7% Notes and Delivery of Exchange Notes	All the old 7% notes properly tendered to the exchange agent and not withdrawn by 5:00 p.m., New York City time, on the expiration date will be accepted for exchange. We will deliver the exchange notes promptly after the expiration date.

Withdrawal Rights	You may withdraw your tender of the old 7% notes held by you at any time prior to the expiration date by sending a written or facsimile transmission notice of withdrawal to the exchange agent at the address listed under *"The Exchange Offer—Exchange Agent"* by the expiration date.
Exchange Agent	JPMorgan Chase Bank is serving as exchange agent for the exchange offer.
Fees and Expenses	We will bear all expenses related to consummating the exchange offer and complying with the exchange and registration rights agreement.
Tax Considerations	The exchange of any of the old 7% notes for exchange notes should not be a taxable exchange for federal income tax purposes. You should consult your own tax adviser about the tax consequences of this exchange.
Use of Proceeds	We will not receive any cash proceeds from the issuance of the exchange notes.

Risk Factors

See "Risk Factors" beginning on page 9 for a discussion of factors you should consider before deciding whether to exchange the old 7% notes for the exchange notes in the exchange offer.

Corporate Information

USA Interactive is a Delaware corporation. USANi LLC is a Delaware limited liability company. USA's and USANi's principal executive offices are located at 152 West 57th Street, New York, New York, 10019, and our telephone number at that address is (212) 314-7300.

RISK FACTORS

You should carefully consider the following factors together with the risks described in the documents that are included or incorporated by reference in this prospectus before deciding whether to exchange the old 7% notes held by you for our exchange notes in the exchange offer.

Risks Relating to Our Company

We depend on our key personnel. We are dependent upon the continued contributions of our senior corporate management, particularly Mr. Diller, the chairman and chief executive officer of USA, and certain key employees for our future success. Mr. Diller does not have an employment agreement with us, although he has been granted options to purchase a substantial number of shares of USA common stock.

If Mr. Diller no longer serves in his positions at USA, our business could be substantially adversely affected. We cannot assure you that we will be able to retain the services of Mr. Diller or any other members of our senior management or key employees.

USA is controlled by Mr. Diller and in his absence will be controlled by Liberty Media Corporation. Subject to the terms of the Amended and Restated Stockholders Agreement, dated as of December 16, 2001, among Universal Studios, Inc., Liberty Media Corporation, Mr. Diller and Vivendi Universal, S.A., Mr. Diller effectively controls the outcome of all matters submitted to a vote or for the consent of our stockholders (other than with respect to the election by the holders of USA common stock of 25% of the members of our board of directors (rounded up to the nearest whole number) and matters as to which a separate class vote of the holders of USA common stock or USA preferred stock is required under Delaware law).

In addition, under the Amended and Restated Goverance Agreement, dated as of December 16, 2001, among USA, Vivendi, Universal Studios, Liberty and Mr. Diller, each of Mr. Diller and Liberty generally has the right to consent to limited matters in the event that USA's ratio of total debt to EBITDA, as defined in the Governance Agreement, equals or exceeds four to one over a continuous 12-month period. We cannot assure you that Mr. Diller and Liberty will consent to such matters at a time when USA is highly leveraged, in which case we would not be able to engage in such transaction or take such actions.

Upon Mr. Diller's permanent departure from USA, Liberty generally would be able to control USA through its ownership of shares of USA Class B common stock.

Our success depends on maintaining the integrity of our systems and infrastructure. A fundamental requirement for online commerce and communications is the secure transmission of confidential information, such as credit card numbers or other personal information, over public networks. Our current security measures may not be adequate and, if any compromise of our security were to occur, it could have a detrimental effect on our reputation and adversely affect our ability to attract customers. As our operations continue to grow in both size and scope, we will need to improve and upgrade our systems and infrastructure. This may require us to commit substantial financial, operational and technical resources before the volume of business increases, with no assurance that the volume of business will increase.

We rely on our own affiliates' and third-party computer systems and service providers to facilitate and process a portion of our transactions. Any interruptions, outages or delays in these services, or a deterioration in their performance, could impair our ability to process transactions for our customers and the quality of service we can offer to them. It is unlikely that we could make up for the level of orders lost in these circumstances by increased phone orders.

Declines or disruptions in the industries in which we operate, such as those caused by terrorism or general economic downturns, could harm our businesses. Our businesses in general are sensitive to trends or events that are outside of our control. For example, adverse trends or events, such as general economic downturns, decreases in consumer spending and work stoppages, may reduce the popularity and frequency of the events to which we sell tickets and reduce travel. The occurrence of any of these adverse trends or events could significantly impact our businesses, results of operations or financial condition.

Travel is highly sensitive to traveler safety concerns, and thus declines after acts of terrorism impact the perceived safety of travelers. In the aftermath of the terrorist attacks of September 11, 2001, the travel industry experienced a protracted decrease in demand for air travel due to fears regarding additional acts of terrorism and increased costs and reduced operations by airlines due, in part, to new security directives adopted by the Federal Aviation Administration. We cannot predict the future scope and effects of these changes and they could significantly impact our long-term results of operations or financial condition.

We may experience operational and financial risks in connection with our acquisitions. In addition, some of the businesses we acquire may incur significant losses from operations or experience impairment of carrying value. Our future growth may be a function, in part, of acquisitions. To the extent that we grow through acquisitions, we will face the operational and financial risks commonly encountered with that type of a strategy. We would also face operational risks, such as failing to assimilate the operations and personnel of the acquired businesses, disrupting our ongoing business, dissipating our limited management resources and impairing relationships with employees and customers of the acquired business as a result of changes in ownership and management. Some of our acquisitions may not be successful and their performances may result in the impairment of their carrying value.

Changing legislation and regulations, and legal uncertainties, may impair our further growth and harm our businesses. A number of proposed laws and regulations regarding the Internet, including with respect to consumer privacy, have been proposed or considered that could impact USA's businesses. USA cannot predict whether any of these types of laws or regulations will be enacted or amended and what effect, if any, it would have on its businesses, financial condition or results of operations. In addition, the application of various sales and use tax provisions under state and local law to USA's historical and new products and services sold via the Internet, television and telephone is subject to interpretation by the applicable taxing authorities. USA believes it is compliant with these tax provisions, but there can be no assurances that taxing authorities will not take a contrary position and that such positions will not result in a material adverse effect to USA's business, financial condition and results of operations.

Risks Relating to the Exchange Offer, Notes and USANi's Guarantee

Failure to participate in the exchange offer will limit opportunities to sell your notes in the future. We issued the old 7% notes in a private offering exempt from the registration requirements of the Securities Act. Accordingly, you may not offer, sell or otherwise transfer the old 7% notes held by you except in compliance with the registration requirements of the Securities Act and applicable state securities laws or pursuant to exemptions from, or in transactions not subject to, such registration requirements. If you do not exchange the old 7% notes held by you during the exchange offer, you will no longer be entitled to registration rights. You will not be able to offer or sell old 7% notes, unless they are registered, sold pursuant to an exemption from registration or sold in a transaction not subject to the Securities Act or state securities laws.

After completion of this exchange offer, if you did not tender your old 7% notes in this exchange offer, you will no longer be entitled to any exchange or registration rights under the exchange and registration rights agreement, except under limited circumstances. Other than in connection with the

exchange offer, we are not obligated to, nor do we currently anticipate that we will, register the old 7% notes under the Securities Act.

There is no public market for the notes. The notes comprise a new issue of securities for which there is no established trading market. We do not intend to apply for listing of the notes on any securities exchange or to arrange for them to be quoted on any quotation system. Accordingly, an active trading market for the notes may not develop. If a trading market does not develop or is not maintained, you may experience difficulty in reselling your notes or may not be able to sell them at all.

In addition, to the extent old 7% notes are tendered and accepted in the exchange offer, the liquidity of the trading market, if any, for the old 7% notes could be adversely affected.

The notes and USANi's guarantee are junior to secured indebtedness and structurally subordinate to our subsidiaries' liabilities, which would limit collectibility of the notes in the event of bankruptcy. The notes and USANi's guarantee are not secured by our or USANi's assets. Accordingly, the notes will effectively rank junior to all of our secured obligations and, so long as the guarantee is in effect, USANi's guarantee will effectively rank junior to all of USANi's secured obligations, in each case, to the extent of the assets securing those obligations. If we become insolvent or are liquidated, or if payment under any secured obligation is accelerated, claims of any secured lenders for the assets securing the obligation will be prior to any claim of the holders of the notes for these assets. After the claims of the secured lenders are satisfied, there may not be assets remaining to satisfy our obligations under the notes. As of September 30, 2002, USA and its subsidiaries had approximately $24.2 million of secured indebtedness, including approximately $4.0 million of capital lease obligations. Additionally, claims of the creditors of our subsidiaries (other than USANi, so long as USANi's guarantee is in effect) and USANi's subsidiaries generally will have priority with respect to the assets and earnings of such subsidiaries over the claims of USA Interactive's and USANi's respective creditors, including holders of the notes. As of September 30, 2002, our subsidiaries (other than USANi) had approximately $1,874.5 million of unsecured liabilities of which $309.8 million was owed to USA Interactive or to USANi.

USANi's guarantee may be unenforceable due to fraudulent conveyance statutes, and accordingly, you could have no claim against USANi, as guarantor of the notes. Although laws differ among various jurisdictions, a court could, under fraudulent conveyances laws, further subordinate or avoid USANi's guarantee if it found that the guarantee was incurred with actual intent to hinder, delay or defraud creditors, or USANi did not receive fair consideration or reasonably equivalent value for the guarantee and that the guarantor was any of the following:

- insolvent or rendered insolvent because of the guarantee;
- engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay at maturity.

If a court were to void the guarantee as the result of a fraudulent conveyance, or hold it unenforceable for any other reason, holders of the notes would cease to have a claim against USANi based on USANi's guarantee and would solely be creditors of USA Interactive.

USE OF PROCEEDS

We will not receive any cash proceeds from the exchange offer. In consideration for issuing the exchange notes as contemplated in this prospectus, we will receive in exchange the old 7% notes in like principal amount, the terms of which are substantially identical to the exchange notes in all material respects, except that the transfer restrictions and registration rights applicable to the old 7% notes do not apply to the exchange notes. The old 7% notes surrendered in exchange for the exchange notes will be retired and canceled. The issuance of the exchange notes will not result in any increase in our indebtedness.

We received net proceeds of approximately $744.0 million from the offering of the old 7% notes. We intend to use such net proceeds for general corporate purposes, which may include acquisitions, working capital, capital expenditures and debt repurchases. We may from time to time purchase additional amounts of our $6^{3}/_{4}$% Senior Notes due 2005 in the open market or in privately negotiated transactions, subject to market conditions, pricing and other factors.

RATIO OF EARNINGS TO FIXED CHARGES

The following table presents ratio of earnings to fixed charges of USA for each of nine months ended September 30, 2001 and 2002, and for five years ended December 31, 2001. The ratios of earnings to fixed charges should be read with the financial statements and accompanying notes and other financial data included or incorporated by reference in this prospectus.

For purposes of calculating the ratio of earnings to fixed charges, earnings were calculated by adding (1) earnings (loss) before minority interest and income taxes, (2) interest expense, including the portion of rents representative of an interest factor, and (3) the amount of undistributed losses of our less than majority-owned companies. Fixed charges consist of interest expense, including the portion of rents representative of an interest factor.

	Years Ended December 31,					Nine Months Ended September 30,	
	1997	1998	1999	2000	2001	2001	2002
Ratio of earnings to fixed charges (1)	3.79x	1.76x	—	—	—	—	2.38x

(1) Earnings were insufficient to cover fixed charges for the years ended December 31, 1999, 2000 and 2001, by $(84.6) million, $(249.8) million and $(238.5) million, respectively, and for the nine months ended September 30, 2001 by $(197.5) million.

CAPITALIZATION

The following table presents the consolidated capitalization for USA as of September 30, 2002, as adjusted to reflect the issuance of our old 7% notes and the receipt of the estimated proceeds therefrom, after deducting the initial purchasers' discount and our estimated offering expenses.

The information in this table should be read with the financial statements and accompanying notes and other financial data included elsewhere or incorporated by reference in this prospectus.

	As of September 30, 2002	
	Actual	As Adjusted
	(Dollars in millions)	
	(Unaudited)	
Cash and marketable securities[1]	$ 3,159.9	$ 3,903.9
Long-term obligations, excluding current maturities		
6 3/4% Senior Notes due 2005[2]	$ 498.7	$ 498.7
7% Senior Notes due 2013	—	750.0
Other long-term obligations	9.5	9.5
Total long-term obligations, less current portion[3]	508.2	1,258.2
Minority interest	1,010.0	1,010.0
Common stock relating to USA's preferred interests in VUE exchangeable for preferred interest[4]	1,428.5	1,428.5
Preferred stock[5]	0.1	0.1
Stockholders' equity	7,776.1	7,776.1
Total capitalization	$ 10,722.9	$ 11,472.9

(1) Actual balance includes cash and cash equivalents of $675.4 million, restricted cash of $13.9 million and marketable securities of $2,470.6 million. As adjusted balance also includes estimated net proceeds from the issuance of the old 7% notes of approximately $744.0 million.

(2) Subsequent to September 30, 2002, USA purchased approximately $65.8 million aggregate principal amount of the 6 3/4% Senior Notes due 2005 in the open market. USA may from time to time purchase additional amounts of our 6 3/4% Senior Notes due 2005 in the open market or in privately negotiated transactions, subject to market conditions, pricing and other factors.

(3) Excluding current portion of long-term obligation of $36.2 million.

(4) Amount represents the carrying value of approximately 56.6 million USA shares held by Vivendi which shares can be used by Vivendi to satisfy its put/call obligations relating to USA's $1.75 billion Class B preferred interest in VUE. The carrying value was based on the average of USA's share price two business days before, the date of and two business days after the VUE transaction was announced on December 17, 2001.

(5) In connection with the Expedia transaction, USA issued approximately 13.1 million shares of Series A Redeemable Preferred Stock, or USA preferred stock, at $50 face value ($656 million aggregate face value), with a 1.99% annual dividend rate and which is convertible at any time into USA common stock at an initial conversion price of $33.75 per share of USA common stock. The conversion price will be adjusted downward pursuant to a specified formula if the average share price of USA common stock over a ten-day trading period prior to conversion exceeds $35.10. Holders of USA preferred stock may require USA to purchase their shares on the fifth, seventh, tenth and fifteenth anniversary of the closing on February 4, 2002. USA has the right to redeem such shares for cash or stock, at USA's option, commencing on the tenth anniversary of February 4, 2002. Any payment by USA with respect to the dividend or pursuant to any redemption requested by holders of USA preferred stock or by USA may be made in cash or USA common stock, or a combination thereof, at the option of USA.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following table presents selected historical consolidated financial data and other data for USA for each of the years in the five-year period ended December 31, 2001, and for the nine-month periods ended September 30, 2001 and 2002. The consolidated financial data was derived from USA's audited and unaudited consolidated financial statements and reflects the operations and financial position of USA at the dates and for the periods indicated. The financial statements for each of the five years in the period ended December 31, 2001 for USA have been audited by Ernst & Young LLP, independent auditors. The financial statements for the nine-month periods ended September 30, 2001 and 2002 are unaudited and are not necessarily indicative of results for any other interim period or for any calendar year.

The selected financial data set forth below, including the accompanying notes, are qualified in their entirety by, and should be read in conjunction with, the historical consolidated financial statements and related notes contained in the annual, quarterly and other reports filed by USA with the Commission, which have been included in and incorporated by reference into this prospectus. See "*Where You Can Find More Information*."

Since December 31, 2001, the date of USA's most recent audited financial statements, USA has completed, among others, the following transactions:

- On February 4, 2002, USA completed its acquisition of a controlling interest in Expedia, Inc. through a merger of one of its subsidiaries with and into Expedia. We refer to this transaction in this prospectus as the Expedia transaction.
- On May 1, 2002, USA completed its acquisition of TV Travel Group Limited.
- On May 7, 2002, USA completed its transaction with Vivendi Universal, S.A., in which USA's Entertainment Group, consisting of USA Cable, Studios USA and USA Films, was contributed to VUE. We refer to this transaction in this prospectus as the VUE transaction.

- On June 27, 2002, Liberty exchanged its shares of Home Shopping Network, Inc. for 31.6 million shares of USA common stock and 1.6 million shares of USA Class B common stock. We refer to this transaction in this prospectus as the Home Shopping Network, Inc. exchange.

- On September 24, 2002, USA completed its acquisition of Interval International.

- On January 17, 2003, USA completed its acquisition of all outstanding shares of Ticketmaster common stock not already owned by USA through a merger of a wholly-owned subsidiary of USA with and into Ticketmaster. We refer to this transaction in this prospectus as the Ticketmaster merger.

The financial position and results of operations of USA Broadcasting and USA Entertainment Group have been presented as discontinued operations in all periods presented.

	Year Ended December 31,					Nine Months Ended September 30,	
	1997[1]	1998[2][3]	1999[4]	2000[5]	2001[6]	2001[6]	2002[7]
	(Dollars in thousands, except per share data)						
Statements of Operations Data:							
Net revenues	$ 1,310,037	$ 1,639,828	$ 2,001,108	$ 2,964,612	$ 3,468,860	$ 2,520,354	$ 3,282,236
Operating profit (loss)	102,729	59,391	(48,842)	(349,746)	(216,423)	(181,146)	27,978
Earnings (loss) from continuing operations	34,397	26,848	(69,212)	(172,398)	(186,799)	(140,358)	(140,739)
Earnings (loss) before cumulative effect of accounting change	13,061	76,874	(27,631)	(147,983)	392,795	449,744	2,266,375
Net earnings (loss)	13,061	76,874	(27,631)	(147,983)	383,608	440,557	1,796,491
Basic earnings (loss) per common share from continuing operations available to common shareholders[8][9]	0.16	0.09	(0.21)	(0.48)	(0.50)	(0.38)	(0.36)
Diluted earnings (loss) per common share from continuing operations available to common shareholders[8][9]	0.15	0.04	(0.21)	(0.48)	(0.50)	(0.38)	(0.36)
Basic earnings (loss) per common share before cumulative effect of accounting change available to common shareholders[8][9]	0.06	0.27	(0.08)	(0.41)	1.05	1.21	5.39
Diluted earnings (loss) per common share before cumulative effect of accounting change available to common shareholders[8][9]	0.06	0.21	(0.08)	(0.41)	1.05	1.21	5.39
Basic earnings (loss) per common share available to common shareholders[8][9]	0.06	0.27	(0.08)	(0.41)	1.03	1.18	4.29
Diluted earnings (loss) per common share available to common shareholders[8][9]	0.06	0.21	(0.08)	(0.41)	1.03	1.18	4.29
Balance Sheet Data (end of period):							
Working capital	$ 60,941	$ 443,408	$ 381,046	$ 355,157	$ 1,380,936	$ 1,247,221	$ 2,186,811
Total assets	2,464,750	4,161,873	5,151,160	5,646,290	6,539,850	11,687,907	14,702,148
Long-term obligations, net of current maturities	389,679	775,683	573,056	551,766	544,372	545,584	508,237
Minority interest	271,772	336,788	742,365	908,831	706,688	4,943,105	1,009,953
Common stock exchangeable for preferred interest	—	—	—	—	—	—	1,428,530
Preferred stock[10]	—	—	—	—	—	—	131
Stockholders' equity	1,447,354	2,571,405	2,769,729	3,439,871	3,945,501	3,993,871	7,776,217
Other Data:							
Net cash provided by (used in):							
Operating activities	$ 34,581	$ (91,660)	$ 77,760	$ 87,321	$ 298,335	$ 199,629	$ 454,214
Investing activities	(81,450)	(1,179,346)	(468,318)	(408,016)	35,052	168,317	(750,176)
Financing activities	108,050	1,297,654	100,204	58,163	56,256	64,325	(20,200)
Discontinued operations	12,249	304,173	267,651	86,266	348,174	226,691	5,351
Effect of exchange rate changes	—	(1,501)	(123)	(2,687)	(3,663)	(3,426)	7,847
Unaudited Other Operating Data:[11]							
HSN-Units shipped (in millions)	26.6	28.9	32.1	35.2	38.5	27.1	28.0
HSN Return rate	22.2%	21.0%	20.3%	19.6%	19.0%	NA	NA
HSN homes (in millions) (end of period)	70.1	69.3	73.7	77.1	83.0	82.8	77.8
Ticketing—Number of tickets sold (in millions)		68.6	75.0	83.0	86.8	66.5	71.0
Ticketing—Gross value of tickets sold (in millions)		$2,340	$2,781	$3,256	$3,611	$2,741	$3,182
Hotels.com—Hotel room nights sold (in thousands)				2,433	4,243	3,056	5,611

(1) The consolidated statement of operations data include the operations of Ticketmaster since the acquisition by USA of a controlling interest in Ticketmaster Group, Inc. on July 17, 1997.

(2) Net earnings include the operations of USA Cable, formerly USA Networks, and Studios USA since their acquisition by USA from Universal Studios, Inc. on February 12, 1998 and Citysearch since its acquisition by USA on September 28, 1998.

(3) Net earnings for the year ended December 31, 1998 include a pre-tax gain of $74.9 million related to USA's sale of its Baltimore television station during the first quarter of 1998 and a pre-tax gain of $109.0 million related to the purchase of Citysearch during the fourth quarter of 1998.

(4) The consolidated statement of operations data include the operations of Hotels.com, formerly Hotel Reservations Network, since its acquisition by USA on May 10, 1999 and the operations of October Films and the domestic film distribution and development businesses of Universal (which previously operated Polygram Filmed Entertainment), collectively referred to as USA Films, that were acquired by USA on May 28, 1999. USA Films was contributed to VUE on May 7, 2002. See "*The Company—Corporate History—VUE Transaction*." Net earnings for the year ended December 31, 1999 includes a pre-tax gain of $89.7 million related to the sale of securities.

(5) Includes a pre-tax gain of $104.6 million by Styleclick, Inc. related to USA's exchange of its interest in Internet Shopping Network for 75% of Styleclick, Inc., a pre-tax gain of $3.7 million related to the Hotels.com initial public offering, and a pre-tax charge of $145.6 million related to impairment of

Styleclick goodwill.

(6) Net earnings includes a gain of $517.8 million, net of tax, related to the sale of capital stock of certain USA Broadcasting subsidiaries and an after-tax expense of $9.2 million related to the cumulative effect of adoption as of January 1, 2001 of SOP 00-2, "Accounting by Producers or Distributors of Films."

(7) Includes a gain of $2.4 billion, net of tax, related to the contribution of the USA Entertainment Group to VUE and an after-tax expense of $461.4 million related to the cumulative effect of adoption as of January 1, 2002 of Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets." Also includes results of TV Travel Group and Interval since their acquisition by USA on May 1, 2002 and September 24, 2002, respectively.

(8) Earnings (loss) per common share data and shares outstanding retroactively reflect the impact of two-for-one stock splits of USA common stock and USA Class B common stock paid on February 24, 2000 and March 26, 1998. All share numbers give effect to these stock splits.

(9) The following table adjusts USA's reported net earnings (loss) and basic and diluted net earnings (loss) per share to exclude amortization expense related to goodwill and other intangible assets with indefinite lives as if Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangibles Assets" was effective January 1, 1999:

	Year Ended December 31,			Nine Months Ended September 30,	
	1999	2000	2001	2001	2002
	(Dollars in thousands, except per share data)				
Earnings (loss) from continuing operations available to common shareholders					
Reported loss from continuing operations	$ (69,212)	$ (172,398)	$ (186,799)	$ (140,358)	$ (149,234)
Add: goodwill amortization	71,859	166,705	134,077	100,374	—
Earnings (loss) from continuing operations—as adjusted	$ 2,647	$ (5,693)	$ (52,722)	$ (39,984)	$ (149,234)
Basic earnings (loss) per share from continuing operations—as adjusted:					
Reported basic loss per share	$ (0.21)	$ (0.48)	$ (0.50)	$ (0.38)	$ (0.36)
Add: goodwill amortization	0.22	0.46	0.36	0.27	—
Adjusted basic earnings (loss) per share	$ 0.01	$ (0.02)	$ (0.14)	$ (0.11)	$ (0.36)
Diluted earnings (loss) per share from continuing operations—as adjusted:					
Reported diluted loss per share	$ (0.21)	$ (0.48)	$ (0.50)	$ (0.38)	$ (0.36)
Add: goodwill amortization	0.22	0.46	0.36	0.27	—
Adjusted diluted net earnings (loss) per share	$ 0.01	$ (0.02)	$ (0.14)	$ (0.11)	$ (0.36)
Net income (loss) available to common shareholders					
Net income (loss) available to common shareholders	$ (27,631)	$ (147,983)	$ 383,608	$ 440,557	$ 1,796,491
Add: goodwill amortization	104,704	206,151	176,413	132,445	—
Net earnings available to common shareholders—as adjusted	$ 77,073	$ 58,168	$ 560,021	$ 573,002	$ 1,796,491
Basic earnings (loss) per share—as adjusted:					
Reported basic net earnings (loss) per share	$ (0.08)	$ (0.41)	$ 1.03	$ 1.18	$ 4.29
Add: goodwill amortization	0.32	0.57	0.47	0.36	—
Adjusted basic net earnings per share	$ 0.24	$ 0.16	$ 1.50	$ 1.54	$ 4.29
Diluted earnings per share—as adjusted:					
Reported diluted net earnings (loss) per share	$ (0.08)	$ (0.41)	$ 1.03	$ 1.18	$ 4.29
Add: goodwill amortization	0.29	0.57	0.47	0.36	—
Adjusted diluted net earnings per share	$ 0.21	$ 0.16	$ 1.50	$ 1.54	$ 4.29

(10) In connection with USA's acquisition of a controlling interest in Expedia, Inc., USA issued approximately 13.1 million shares of Series A Redeemable Preferred Stock, or USA preferred stock, at $50 face value ($656 million aggregate value), with a 1.99% annual dividend rate and which is convertible at

any time into USA common stock at an initial conversion price of $33.75. The conversion price will be adjusted downward pursuant to a specified formula if the average share price of USA common stock over a ten-day trading period prior to conversion exceeds $35.10. Holders of USA preferred stock may require USA to purchase their shares on the fifth, seventh, tenth and fifteenth anniversary of the closing on February 4, 2002. USA has the right to redeem such shares for cash or stock, at USA's option, commencing on the tenth anniversary of February 4, 2002. Any payment by USA with respect to the dividend or pursuant to any redemption requested by holders of USA preferred stock or by USA may be made in cash or USA common stock, or a combination thereof, at the option of USA.

(11) Information is presented from the first full year in which USA consolidated the applicable business.

Industry Segment Financial Data

	Year Ended December 31,			Nine Months Ended September 30,	
	1999	2000	2001	2001	2002[1]
			(Dollars in thousands)		
Revenues:					
HSN-U.S.[2]	$ 1,332,911	$ 1,533,271	$ 1,658,904	$ 1,163,630	$ 1,141,270
Ticketing	442,742	518,565	579,679	447,903	490,925
Match.com	9,000	29,122	49,249	31,687	88,182
Hotels.com	124,113	327,977	536,497	394,829	672,814
Expedia	—	—	—	—	389,865
Interval	—	—	—	—	2,319
PRC	—	212,471	298,678	228,926	217,212
Corporate and other	6,894	—	—	—	—
Citysearch and related	27,329	50,889	46,108	35,851	22,479
International TV shopping & other[3]	8,917	245,714	272,569	200,620	234,557
USA Electronic Commerce Solutions LLC/Styleclick	49,202	46,603	34,229	21,781	30,386
Intersegment Elimination	—	—	(7,053)	(4,873)	(7,773)
Total	$ 2,001,108	$ 2,964,612	$ 3,468,860	$ 2,520,354	$ 3,282,236
Operating Profit (Loss):					
HSN-U.S.[2][4]	$ 137,670	$ 130,442	$ 103,866	$ 67,462	$ 63,233
Ticketing[5]	32,503	25,453	25,351	26,009	83,804
Match.com	(7,451)	(12,484)	(3,004)	(8,173)	13,396
Hotels.com[6]	5,654	9,166	15,811	10,573	79,580
Expedia[7]	—	—	—	—	55,776
Interval	—	—	—	—	255
PRC[8]	—	(7,282)	(37,943)	(25,650)	(26,793)
Corporate and other[9]	(41,479)	(52,593)	(38,187)	(33,733)	(28,257)
Citysearch and related	(119,521)	(207,004)	(171,351)	(127,007)	(74,648)
International TV shopping & other[3][10]	(4,517)	4,641	(34,907)	(23,142)	(31,437)
USA Electronic Commerce Solutions LLC/Styleclick[11]	(51,701)	(240,085)	(62,593)	(54,019)	(35,306)
Restructuring charges[12]		—	(13,466)	(13,466)	(71,625)
Total	$ (48,842)	$ (349,746)	$ (216,423)	$ (181,146)	$ 27,978
Reconciliation of operating profit (loss) to Adjusted EBITDA:					
Operating profit (loss)	$ (48,842)	$ (349,746)	$ (216,423)	$ (181,146)	$ 27,978
Depreciation and amortization	205,843	565,742	425,891	320,043	241,917
Goodwill impairment	—	—	—	—	22,247
Amortization of cable distribution fees	26,680	36,322	43,975	29,384	38,679
Amortization of non-cash distribution fees, marketing and compensation expense	6,423	24,405	34,184	25,297	37,684
Disengagement expenses	—	—	4,052	—	22,326
Restructuring charges not impacting EBITDA[12]	—	—	6,248	6,248	36,908
Adjusted EBITDA[13]	$ 190,104	$ 276,723	$ 297,927	$ 199,826	$ 427,739

	Twelve Months Ended December 31,		
	1999	2000	2001
	(Dollars in thousands)		
Capital expenditures:			
HSN-U.S.	$ 33,412	$ 34,122	$ 42,615
Ticketing	23,789	23,282	24,465
Match.com	—	2,485	3,268
Hotels.com	1,092	2,859	16,022
PRC	—	43,505	25,775
Corporate and other	4,673	21,756	5,051
Citysearch and related	11,328	9,262	5,017
International TV shopping & other	13,746	18,105	6,031
USA Electronic Commerce Solutions LLC/Styleclick	13,657	5,047	2,292
Total	$ 101,697	$ 160,423	$ 130,536

(1) Includes results of TV Travel Group and Interval since their acquisition by USA on May 1, 2002 and September 24, 2002, respectively.

(2) Includes estimated revenue in the nine months ended September 30, 2001 generated by homes lost by HSN following the sale of USA Broadcasting to Univision of $82.9 million. Includes coupons redeemed by customers impacted by disengagement in the nine months ended September 30, 2002 of $1.8 million, which is reflected as an offset to revenue.

(3) Includes impact of foreign exchange fluctuations, which reduced revenues by $36.6 million and $31.5 million in the nine months ended September 30, 2001 and 2002, respectively, if the results are translated from Euros to U.S. dollars at a constant exchange rate, using 1999 as the base year. Includes impact of foreign exchange fluctuations for the years ended December 31, 2000 and 2001, which reduced revenue by $44.0 million and $36.3 million, respectively, if the results are translated from Euros to U.S. dollars at a constant exchange rate, using 1999 as the base year.

(4) Includes costs incurred in the nine months ended September 30, 2002 of $22.3 million, related to the disengagement of HSN from USA Broadcasting stations. Amounts relate to $1.8 million of coupons redeemed by customers and $20.5 million of payments to cable operators and related marketing expenses in the disengaged markets. Includes $4.1 million of such costs during the year ended December 31, 2001.

(5) Includes $1.4 million of expenses related to the Ticketmaster merger with USA in the nine months ended September 30, 2002.

(6) Includes $0.6 million of expenses related to the previously announced but abandoned exchange offer by USA in the nine months ended September 30, 2002.

(7) Includes $1.0 million of expenses related to the previously announced but abandoned exchange offer by USA in the nine months ended September 30, 2002.

(8) Results for the nine months ended September 30, 2001 and year ended December 31, 2001 exclude restructuring charges of $2.9 million, of which $2.4 million impacts Adjusted EBITDA, and include nonrecurring expenses primarily related to employee benefits of $4.9 million. Results for the nine months ended September 30, 2002 exclude restructuring charges of $9.3 million, of which $5.8 million impacts Adjusted EBITDA.

(9) Includes $3.3 million of expenses related to the employee terminations and benefits in the nine months ended September 30, 2001 and year ended December 31, 2001.

(10) Results for the nine months ended September 30, 2002 exclude restructuring charges of $46.2 million of which $13.6 million impacts Adjusted EBITDA.

(11) Results for the nine months ended September 30, 2001 and year ended December 31, 2001 exclude restructuring charges of $10.6 million of which $4.8 million impacts Adjusted EBITDA. Results for the nine

months ended September 30, 2002 exclude restructuring charges of $16.2 million, of which $15.3 million impacts Adjusted EBITDA, and include expenses related to contract terminations of $3.6 million.

(12) Restructuring charges for 2001 relate to Styleclick and PRC. Restructuring charges for 2002 relate to PRC, ECS and HSN-International, including HSE-Italy, of $31.4 million in the third quarter of 2002. Amounts not impacting EBITDA of $6.2 million and $36.9 million in the nine months ended September 30, 2001 and 2002, respectively, relate to the write-off of fixed assets, leasehold improvements and USA's investment in HSE-Italy.

(13) As used in this prospectus, the term "Adjusted EBITDA" refers to operating profit (loss) plus (1) depreciation and amortization, including goodwill impairment, (2) amortization of cable distribution fees, (3) amortization of non-cash distribution fees and marketing expense and non-cash compensation expense and (4) non-recurring items, including disengagement expenses and restructuring charges not impacting EBITDA. Adjusted EBITDA is presented here as a management tool and as a valuation methodology. It does not purport to represent cash provided by operating activities and should not be considered in isolation or as a substitute for measures of financial performance or liquidity prepared in accordance with generally accepted accounting principles. Adjusted EBITDA may not be comparable to calculations of similarly titled measures presented by other companies.

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The following tables present unaudited pro forma combined condensed financial information for USA giving effect to the following transactions:

- the Ticketmaster combination completed on January 31, 2001,
- the Expedia transaction completed on February 4, 2002,
- the VUE transaction completed on May 7, 2002,
- the Home Shopping Network, Inc. exchange completed on June 27, 2002, and
- the Ticketmaster merger completed on January 17, 2003.

The results of the USA Entertainment Group are presented as discontinued operations in the historical financial statements of USA and therefore have been excluded from the unaudited pro forma combined condensed financial statements of USA.

Unaudited pro forma combined condensed financial information for Expedia, Inc. for the year ended December 31, 2001 is also presented.

The unaudited pro forma combined condensed financial statements of USA reflect some assumptions regarding the transactions and are based on the historical financial statements of USA. The unaudited pro forma combined condensed financial statements of USA, including the notes accompanying them, are qualified in their entirety by reference to, and should be read in conjunction with, USA's audited financial statements, including the notes accompanying them, which are included in and incorporated by reference into this prospectus.

The unaudited pro forma combined condensed balance sheet as of September 30, 2002 gives effect to the Ticketmaster merger as if it occurred on September 30, 2002. All other transactions described above have been reflected in the historical balance sheet as of September 30, 2002.

The unaudited pro forma combined condensed statement of operations for the year ended December 31, 2001 reflects USA's audited statements of operations for the year ended December 31, 2001 and Expedia's results for the twelve months ended December 31, 2001, adjusted for the pro forma effects of the Ticketmaster combination, the Expedia transaction, the VUE transaction, the Home Shopping Network, Inc. exchange and the Ticketmaster merger, as if those transactions had occurred as of the beginning of the periods presented.

The unaudited pro forma combined condensed statement of operations for the nine months ended September 30, 2002 reflects USA's unaudited statements of operations for the nine months ended September 30, 2002, adjusted for the pro forma effects of the Expedia transaction, the VUE transaction, the Home Shopping Network, Inc. exchange and the Ticketmaster merger as if those transactions had occurred on January 1, 2002. The Ticketmaster combination has been reflected in the historical statement of operations for the nine months ended September 30, 2002.

USA is in the process of evaluating the fair value of the additional interest to be acquired in Ticketmaster's assets and liabilities as a result of the Ticketmaster merger as well as the additional interest acquired in HSN's assets as a result of the VUE transaction and the Home Shopping Network, Inc. exchange, including the allocation of intangibles other than goodwill. Accordingly, the purchase accounting information is preliminary and has been made solely for the purpose of developing the unaudited pro forma combined condensed financial information contained in the following pages.

The unaudited pro forma combined condensed statement of operations is neither necessarily indicative of the results of operations that would have been reported had these transactions occurred on January 1, 2001 nor necessarily indicative of USA's future financial results of operations.

USA INTERACTIVE
Unaudited Pro Forma Combined Condensed Balance Sheet
September 30, 2002
(Dollars in thousands)

	USA Historical	Ticketmaster Merger[(1)]	Pro Forma Combined
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 675,413	$ —	$ 675,413
Restricted cash	13,931	—	13,931
Marketable securities	2,470,615	—	2,470,615
Accounts and notes receivable, net	316,615	—	316,615
Inventories, net	216,909	—	216,909
Other	180,891	—	180,891
Total current assets	3,874,374	—	3,874,374
Property, plant and equipment, net	434,264	—	434,264
Intangible assets including goodwill, net	7,009,378	502,072	7,511,450
Cable distributions fees, net	173,800	—	173,800
Long-term investments	1,605,605	—	1,605,605
Preferred interest exchangeable for common stock	1,428,530	—	1,428,530
Deferred charges and other	176,197	—	176,197

Total assets	$ 14,702,148	$ 502,072	$ 15,204,220
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Current maturities of long-term debt	$ 36,231	$ —	$ 36,231
Accounts payable, accrued and other current liabilities	383,307	—	383,307
Accounts payable, client accounts	182,860	—	182,860
Cable distribution fees payable	65,852	—	65,852
Deferred revenue	307,832	—	307,832
Other accrued liabilities	711,481	—	711,481
Total current liabilities	1,687,563	—	1,687,563
Long-term obligations, net of current maturities	508,237	—	508,237
Other long-term liabilities	84,405	—	84,405
Deferred income taxes	2,207,243	—	2,207,243
Minority interest	1,009,953	(435,383)(12)	574,570
Common stock exchangeable for preferred interest	1,428,530	—	1,428,530
Stockholders' equity	7,776,217	937,455	8,713,672
Total liabilities and stockholders' equity	$ 14,702,148	$ 502,072	$ 15,204,220

See accompanying notes to Unaudited Pro Forma Combined Condensed Financial Statements of USA.

USA INTERACTIVE
Unaudited Pro Forma Combined Condensed Statement of Operations
Nine Months Ended September 30, 2002
(Dollars in thousands, except per share data)

	USA Historical	Expedia Historical(2)	Expedia Pro Forma Adjustments	VUE Pro Forma Adjustments	Home Shopping Network, Inc. Exchange	Ticketmaster Merger	Pro Forma Combined
NET REVENUES:							
HSN-US	$ 1,141,270	$ —	$ —	$ —	$ —	$ —	$ 1,141,270
Ticketing	490,925	—	—	—	—	—	490,925
Match.com	88,182	—	—	—	—	—	88,182
Hotels.com	672,814	—	—	—	—	—	672,814
Expedia	389,865	35,487	—	—	—	—	425,352
Interval	2,319	—	—	—	—	—	2,319
PRC	217,212	—	—	—	—	—	217,212
Citysearch and related	22,479	—	—	—	—	—	22,479
International TV Shopping & other	234,557	—	—	—	—	—	234,557
USA Electronic Commerce Solutions LLC/Styleclick	30,386	—	—	—	—	—	30,386
Intersegment elimination	(7,773)	—	—	—	—	—	(7,773)
Total net revenues	3,282,236	35,487	—	—	—	—	3,317,723
Operating costs and expenses							
Cost of sales	2,014,532	10,586	—	—	—	—	2,025,118
Other costs	899,199	15,723	—	—	—	—	914,922
Amortization of cable distribution fees	38,679	—	—	—	—	—	38,679
Amortization of non-cash compensation	10,199	930	—	—	—	4,774 (11)	15,903
Non-cash distribution and marketing expense	27,485	—	—	4,059 (5)	—	—	31,544
Depreciation and amortization	241,917	5,238	2,427 (3)	—	—	—	249,582
Goodwill impairment	22,247	—	—	—	—	—	22,247
Total operating costs and expenses	3,254,258	32,477	2,427	4,059	—	4,774	3,297,995
Operating income (loss)	27,978	3,010	(2,427)	(4,059)	—	(4,774)	19,728
Interest and other, net	(92,346)	324	—	34,335 (6)	—	—	(57,687)
Earnings (loss) before income taxes and minority interest	(64,368)	3,334	(2,427)	30,276	—	(4,774)	(37,959)
Income tax expense	(58,407)	(1,424)	—	(11,383)(7)	—	1,873 (11)	(69,341)
Minority interest	(17,964)	—	(692)(4)	(12,855)(8)	(8,249)(9)	4,813 (12)	(34,947)
EARNINGS (LOSS) FROM CONTINUING OPERATIONS	$ (140,739)	$ 1,910	$ (3,119)	$ 6,038	$ (8,249)	$ 1,912	$ (142,247)

Loss per common share from continuing operations								
Basic and diluted	$ (0.34)							$ (0.29)
Weighted average shares outstanding	418,559							491,250
Weighted average diluted shares outstanding	418,559							491,250

See accompanying notes to Unaudited Pro Forma Combined Condensed Financial Statements of USA.

USA INTERACTIVE
Unaudited Pro Forma Combined Condensed Statement of Operations
Year Ended December 31, 2001
(Dollars in thousands, except per share data)

	USA Historical	Ticketmaster Combination	Expedia Historical[2]	Expedia Pro Forma Adjustments	VUE Pro Forma Adjustments	Home Shopping Network, Inc. Exchange	Ticketmaster Merger[1]	Pro Forma Combined
NET REVENUES:								
HSN—U.S.	$ 1,658,904	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,658,904
Ticketing	579,679	—	—	—	—	—	—	579,679
Match.com	49,249	—	—	—	—	—	—	49,249
Hotels.com	536,497	—	—	—	—	—	—	536,497
Expedia	—	—	296,936	—	—	—	—	296,936
PRC	298,678	—	—	—	—	—	—	298,678
CitySearch and related	46,108	—	—	—	—	—	—	46,108
International TV Shopping and other	272,569	—	—	—	—	—	—	272,569
USA Electronic Commerce Solutions LLC/Styleclick	34,229	—	—	—	—	—	—	34,229
Intersegment elimination	(7,053)	—	—	—	—	—	—	(7,053)
Total net revenues	3,468,860	—	296,936	—	—	—	—	3,765,796
Operating costs and expenses								
Cost of sales	2,331,438	—	93,142	—	—	—	—	2,424,580
Other costs	843,547	—	142,930	—	—	—	—	986,477
Amortization of cable distribution fees	43,975	—	—	—	—	—	—	43,975
Amortization of non-cash compensation	7,800	—	16,404	—	—	—	6,362 [11]	30,566
Non-cash distribution and marketing expense	26,384	—	—	—	8,307 [5]	—	—	34,691
Depreciation and amortization	432,139	—	61,820	9,051 [3]	—	—	—	503,010
Total operating costs and expenses	3,685,283	—	314,296	9,051	8,307	—	6,362	4,023,299
Operating income (loss)	(216,423)	—	(17,360)	(9,051)	(8,307)	—	(6,362)	(257,503)
Interest and other, net	(71,034)	—	(4,136)	—	99,323 [6]	—	—	24,153
Earnings (loss) before income taxes and minority interest	(287,457)	—	(21,496)	(9,051)	91,016	—	(6,362)	(233,350)
Income tax (expense) benefit	(2,450)	1,005 [10]	—	—	(43,475)[7]	—	2,495 [11]	(42,425)
Minority interest	103,108	(3,568)[10]	—	7,696 [4]	(35,619)[8]	(5,423)[9]	(52,284)[12]	13,910
EARNINGS (LOSS) FROM CONTINUING OPERATIONS	$ (186,799)	$ (2,563)	$ (21,496)	$ (1,355)	$ 11,922	$ (5,423)	$ (56,151)	$ (261,865)
Loss per common share from continuing operations								
Basic and diluted	$ (0.50)							$ (0.55)
Weighted average shares outstanding	374,101							480,083
Weighted average diluted shares outstanding	374,101							480,083

See accompanying notes to Unaudited Pro Forma Combined Condensed Financial Statements of USA.

EXPEDIA, INC.
Unaudited Pro Forma Combined Condensed Statement of Operations
Year Ended December 31, 2001
(Dollars in thousands, except per share data)

	Historical[2]			Pro Forma
	Three Months Ended March 31, 2001	Three Months Ended June 30, 2001	Six Months Ended December 31, 2001	Twelve Months Ended December 31, 2001
Net revenues	$ 57,222	$ 78,474	$ 161,240	$ 296,936
Operating costs and expenses:				
Cost of sales	18,085	22,890	52,167	93,142
Other costs	34,598	37,838	70,494	142,930
Amortization of non-cash compensation	6,477	3,939	5,988	16,404
Depreciation and amortization	17,246	18,372	26,202	61,820
Total operating costs and expenses	76,406	83,039	154,851	314,296
Operating income (loss)	(19,184)	(4,565)	6,389	(17,360)
Interest and other, net	1,567	214	(5,917)	(4,136)
Earnings (loss) before income taxes	(17,617)	(4,351)	472	(21,496)
Income tax expense	—	—	—	—
Earnings (loss) from continuing operations	$ (17,617)	$ (4,351)	$ 472	$ (21,496)

See accompanying notes to Unaudited Pro Forma Combined Condensed Financial Statements of USA.

Notes to Unaudited Pro Forma Combined Condensed Financial Statements of USA

1. Represents the issuance of 45.1 million shares of USA common stock to Ticketmaster security holders in the Ticketmaster merger based on an exchange ratio of 0.935 of a share of USA common stock for each share of Ticketmaster common stock. Also includes options to acquire 10.0 million shares of USA common stock and warrants to acquire 4.2 million shares of USA common stock, in each case based on an exchange ratio of 0.935. The price used to value the securities is $17.918, which is the average of the closing prices of USA common stock on the two trading days prior to, the day of, and the two trading days following the announcement of the Ticketmaster merger. The amount recorded as deferred compensation in stockholders equity is the estimated impact of unvested stock options as of such merger date, at their intrinsic value. The acquisition costs and resulting goodwill are as follows:

	(In thousands)
USA common stock	$ 808,130
Fair value of options to acquire USA common stock	106,103
Fair value of warrants to acquire USA common stock	34,483
Less: Intrinsic value of unvested options to acquire USA common stock recorded as deferred compensation	(11,261)
	937,455
Less: Minority interest acquired	(435,383)
Unallocated excess of merger consideration over minority interest acquired and deferred compensation preliminarily allocated to goodwill	$ 502,072

The unallocated excess of acquisition costs over minority interest acquired and deferred compensation has been preliminarily allocated to goodwill. Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets," provides that goodwill resulting from business combinations completed subsequent to June 30, 2001 will not be amortized but instead will be required to be tested for impairment at least annually. In order to complete its assessment, USA will obtain an independent valuation related to the identification of intangibles other than goodwill. Potential additional intangible assets that may be identified include trade names and trademarks, technology, customer contracts, distribution arrangements and commercial arrangements. Accordingly, the purchase accounting information is preliminary. To the extent that additional intangibles are identified, USA will record the amounts based upon the percentage of Ticketmaster acquired in the transaction. As the unaudited pro forma combined condensed statements of operations includes no amortization of intangibles associated with the Ticketmaster merger, the final allocation of the acquisition cost could result in additional amortization expense and decreased operating income, net income and earnings per share in subsequent periods.

2. Represents the results of operations for Expedia based on historical information of Expedia. See separate Expedia, Inc. Unaudited Pro Forma Combined Condensed Statement of Operations for the year ended December 31, 2001 on page 25. For additional financial information, refer to Expedia's periodic reports as of and for the periods ending March 31, 2001 and June 30, 2001, as filed with the Commission, and the Transition Report on Form 10-K for the six months ended December 31, 2001, of which the financial statements included therein are incorporated by reference in this document. Results for the three months ended March 31, 2001, reflect Expedia's adoption of the Emerging Issues Task Force Issue No. 99-19, "Reporting Gross as a Principal versus Net as an Agent," in the quarter ended June 30, 2001, which resulted in an adjustment to net revenues and cost of sales for such period.

For the nine months ended September 30, 2002, the historical results of operations for USA include Expedia's results for the period from February 4, 2002 to September 30, 2002.

3. Represents incremental amortization of intangibles identified in USA's acquisition of a controlling interest in Expedia. USA's aggregate purchase price was $1.5 billion, of which $545 million was allocated to intangible assets other than goodwill based upon the results of an independent valuation of the assets and liabilities acquired. The pro forma adjustment is based upon the comparison of amortization of intangibles identified by USA and the amount reflected in the historical results of Expedia.

4. Represents the minority interest in the historical results of operations of Expedia, based upon a 64.2% equity ownership by USA of Expedia.

5. Represents adjustment for non-cash marketing related to advertising provided to Ticketmaster and its subsidiaries by USA Cable, which was contributed to VUE on May 7, 2002. As these transactions were among consolidated entities, the amount was eliminated in the consolidated historical results of USA.

6. Reflects the cash dividends ($63 million for the 12 months ended December 31, 2001 and $22 million for the nine months ended September 30, 2002) payable quarterly with respect to USA's Class B preferred interest in VUE and the payable-in-kind dividends ($36 million for the 12 months ended December 31, 2001 and $12 million for the nine months ended September 30, 2002) due in cash (or Vivendi Universal stock, at the election of Universal) at maturity (20 years following the consummation of the VUE transaction) with respect to USA's Class A preferred interest in VUE.

7. Represents tax impact of pro forma adjustments described under notes 5 and 6 above.

8. Represents the adjustment to minority interest related to the cancellation of approximately 320.9 million shares of USANi, comprising all of the USANi shares not then owned by USA and its subsidiaries. The cancellation of USANi shares occurred on May 7, 2002 in conjunction with the VUE transaction. Prior to the VUE transaction, Vivendi owned approximately 47% and Liberty owned approximately 8% of USANi.

9. Represents the adjustment to minority interest related to Liberty's exchange of its shares of Home Shopping Network, Inc. The Home Shopping Network, Inc. shares were exchanged for approximately 31.6 million shares of USA common stock and approximately 1.6 million shares of USA Class B common stock. The exchange occurred on June 27, 2002. Prior to the transaction, Liberty owned 19.9% of Home Shopping Network, Inc.

10. Reflects decreased tax expense of approximately $1 million and increased minority interest of approximately $4 million as a result of the Ticketmaster combination. The Ticketmaster combination has been accounted for as entities under common control in a manner similar to a pooling of interests. Tax expense decreased as a result of taxable losses from Ticketmaster being used to offset taxable income of Ticketmaster Corporation. Minority interest increased principally due to the impact of a lower minority interest benefit related to the losses of Ticketmaster, as USA's economic ownership in Ticketmaster increased from 50% to 68% as a result of the Ticketmaster combination that was completed on January 31, 2001.

11. Represents estimated amortization expense of deferred compensation and the related tax benefit related to the Ticketmaster merger. The expense is based upon the estimated intrinsic value of unvested stock options, amortized over their estimated remaining vesting period of approximately three years.

12. Represents the adjustment to historical minority interest benefit/expense related to Ticketmaster.

THE COMPANY

USA Interactive (Nasdaq: USAI) engages worldwide in the business of interactivity via the Internet, the television and the telephone. USA's multiple brands are organized across three areas: Electronic Retailing, Information & Services and Travel Services. Electronic Retailing is comprised of HSN, America's Store, HSN.com, and Home Shopping Europe and Euvía in Germany. Information & Services includes Ticketmaster, Match.com, uDate (transaction pending), Citysearch, Evite, Entertainment Publications (transaction pending) and Precision Response Corporation. Travel Services consists of Expedia (Nasdaq: EXPE), Hotels.com (Nasdaq: ROOM), Interval International, TV Travel Group and USA's forthcoming U.S. cable travel network.

Businesses

USA includes the following business units:

- **HSN-U.S**. consists primarily of the HSN television network, HSN.com, and the America's Store television network. HSN is a multichannel retailer transacting business over television and the Internet. America's Store is also a television cable channel allowing viewers to shop at home. According to Nielsen Media Research, as of September 30, 2002, HSN was broadcast to approximately 78 million homes in the United States. HSN-U.S. is wholly-owned by USA.

- **Ticketing** consists primarily of Ticketmaster and ticketmaster.com, which provide offline and online automated ticketing services via the Internet, telephone and retail outlets. Ticketmaster and ticketmaster.com serve many of the foremost venues, entertainment facilities, promoters and professional sports franchises. During the nine months ended September 30, 2002, Ticketmaster and ticketmaster.com sold approximately 71.0 million tickets. During the quarter ended September 30, 2002, Ticketmaster sold over 40% of its event tickets through the Internet. On January 17, 2003, USA acquired all of the outstanding shares of Ticketmaster common stock that USA did not already own and Ticketmaster

became a wholly-owned subsidiary of USA. See "*—Corporate History—Other Transactions*."

- **Match.com** is a leading paid online matchmaking and dating service. It offers single adults a convenient and private environment for meeting other singles. It is a subscription-based online dating site, with more than 650,000 paying subscribers as of September 30, 2002. Match.com powers paid online dating on The Microsoft Network, among other online dating providers, and is the premier provider of personals for *Love@AOL*, which offers the Match.com service across AOL, AOL.com, CompuServe and Netscape.com. Match.com is wholly-owned and operated by Ticketmaster.

- **Hotels.com** (formerly Hotel Reservations Network) is a leading consolidator of hotel and other lodging accommodations. Hotels.com generally contracts with lodging properties for volume purchases and guaranteed availability of hotel rooms and vacation rentals at wholesale prices and sells these rooms to consumers, often at significant discounts to published rates. Hotels.com is one of the largest specialized providers of discount hotel accommodations worldwide, providing service through its own websites, affiliates and toll-free call centers. As of September 30, 2002, Hotels.com provided accommodations to travelers through more than 30,000 affiliates at over 6,500 properties in over 280 cities in North America, Europe, the Caribbean and Asia. As of September 30, 2002, USA owned approximately 66.8% of the equity, and approximately 96.8% of the voting power, of Hotels.com.

- **Expedia** is a leading online travel agency in the United States. During the nine months ended September 30, 2002, Expedia had gross travel bookings of approximately $3.9 billion. Expedia operates Expedia.com in the United States and localized versions in the United Kingdom, France, Germany and Canada. As of December 31, 2001, Expedia offered travel services

provided by approximately 450 airlines, approximately 43,000 lodging properties, major car rental companies and cruise lines, and multiple destination service merchants such as restaurants, attractions and local transportation and tour providers. Expedia acquired Classic Custom Vacations in March 2002 and entered the U.S. corporate travel market through the acquisition of Metropolitan Travel in July 2002. USA acquired a controlling interest in Expedia in February 2002. As of September 30, 2002, USA owned approximately 56.5% of the equity, and approximately 94.9% of the voting power, of Expedia.

- **Interval International** is a leading membership-services company, providing timeshare exchange and other value-added programs to its timeshare-owning members and to resort developers. USA acquired Interval International in September 2002 for approximately $533 million in cash, subject to a working capital adjustment. As of September 30, 2002, USA owned approximately 99.4% of the equity, with the remaining shares owned by Interval International's management, and all of the voting power, of Interval.

- **Precision Response Corporation**, or PRC, provides outsourced consumer care services, managing customer relationships for some of the world's leading corporations for over 20 years. PRC offers an integration of teleservices, e-commerce customer care services, information technology and fulfillment services as part of a one-stop solution. PRC has developed proprietary Customer Relationship Management (CRM) technology for consumer care. PRC is wholly-owned by USA.

- **Citysearch and Related** operates a network of online local city guide sites that offer up-to-date local content for major cities in the United States and abroad. Citysearch also features a leading directory of local businesses in the United States and provides millions of listings, including local events, organizations and businesses. Citysearch is wholly-owned and operated by Ticketmaster.

- **International TV Shopping and Other** consists primarily of HSN-Germany, TV Travel Group, which was acquired in May 2002, and EUVIA, a controlling interest in which was acquired in the third quarter of 2002. HSN-Germany operates a German language home shopping business that is broadcast 24 hours a day to over 30 million households in Germany, Austria and Switzerland as of September 30, 2002. TV Travel Group's operations include two channels in the United Kingdom, TV Travel Shop and TV Travel Shop 2. EUVIA operates two businesses, "Neun Live," a game show oriented television channel and "Travel TV," a travel oriented shopping television channel under the brand name "Sonnenklar."

- **ECS/Styleclick**. USA Electronic Commerce Solutions LLC, or ECS, and Styleclick work together to provide end-to-end e-commerce solutions for their partners, including online store design and development, merchandising and marketing. ECS has advised Styleclick that ECS is reviewing its relationship with its last remaining partner. Substantial doubt has been raised about Styleclick's ability to continue as a going concern. However, revenues for ECS/Styleclick represented less than 1% of USA's total revenues for the nine months ended September 30, 2002. As of September 30, 2002, USA owned approximately 70.4% of the equity, and approximately 95.9% of the voting power, of Styleclick. ECS is wholly-owned by USA.

Voting Control

Subject to the terms of the Amended and Restated Stockholders Agreement dated as of December 16, 2001, among Universal Studios, Inc., Liberty Media Corporation, Barry Diller and Vivendi Universal, S.A., Mr. Diller is effectively able to control the outcome of nearly all matters submitted to a vote or for the consent of our stockholders (other than with respect to the election by the holders of USA common stock of 25% of the members of our board of directors and certain matters as to which a separate class vote of the holders of USA common stock or USA preferred stock is required under Delaware law). In addition, pursuant to the Amended and Restated Governance Agreement, dated as of December 16, 2001, among USA, Vivendi, Universal Studios, Liberty and

Mr. Diller, each of Mr. Diller and Liberty generally has the right to consent to limited matters in the event that USA's ratio of total debt to EBITDA, as defined in the Governance Agreement, equals or exceeds four to one over a continuous 12-month period.

As of September 30, 2002, Mr. Diller (through companies owned by Liberty and Mr. Diller, his own holdings and pursuant to the Amended and Restated Stockholders Agreement) controlled approximately 69.1% of the outstanding total voting power of USA. The remaining 30.9% voting power is held by public stockholders. See also "*Summary—Organizational Structure*."

Corporate History

USA was incorporated in July 1986 in Delaware under the name Silver King Broadcasting Company, Inc., as a subsidiary of Home Shopping Network, Inc., which is not an operating company and whose assets consist solely of its membership interests in USANi. On December 28, 1992, Home Shopping Network, Inc. distributed the capital stock of USA to its stockholders.

In December 1996, USA completed mergers with Savoy Pictures Entertainment, Inc. and Home Shopping Network, Inc., with Savoy and Home Shopping Network, Inc. becoming subsidiaries of USA. At the same time as the mergers, USA changed its name from Silver King Broadcasting Company, Inc. to HSN, Inc. In February 1998, in connection with its acquisition of USA Networks, a New York partnership that consisted of USA Network and SCI-FI Channel cable television networks, and the domestic television business of Universal Studios, Inc., USA changed its name to USA Networks, Inc.

In May 2002, USA was renamed USA Interactive following the completion of the VUE transaction.

Expedia Transaction

On February 4, 2002, USA completed its acquisition of a controlling interest in Expedia through a merger of a wholly-owned USA subsidiary with and into Expedia. Immediately following the merger, USA owned all of the outstanding shares of Expedia Class B common stock, representing approximately 64.2% of Expedia's then outstanding shares, and 94.9% of the voting interest in Expedia. On February 20, 2002, USA acquired 936,815 shares of Expedia common stock, increasing USA's ownership to 64.6% of Expedia's then outstanding shares, with USA's voting percentage remaining at 94.9%. In the merger, USA issued to former holders of Expedia common stock who elected to receive USA securities an aggregate of approximately 20.6 million shares of USA common stock, approximately 13.1 million shares Series A Redeemable Preferred Stock, or USA preferred stock, of $50 face value ($656 million face aggregate value) and warrants to acquire approximately 14.6 million shares of USA common stock. Shares of Expedia common stock trade on the Nasdaq Stock Market under the symbol "EXPE," shares of USA preferred stock trade on OTC under the symbol "USAIP" and the USA warrants issued in the Expedia transaction trade on the Nasdaq Stock Market under the symbol "USAIW."

VUE Transaction

On May 7, 2002, USA consummated the VUE transaction, in which USA's Entertainment Group, consisting of USA Cable, Studios USA and USA Films, was contributed to VUE. VUE is controlled by Vivendi and its subsidiaries, with the common interests owned 93.06% by Vivendi and its subsidiaries, 5.44% by USA and its subsidiaries and 1.5% by Mr. Diller and his assignees. See also "*Summary—Recent Developments—VUE tax matter.*"

In connection with the transaction, shares of USANi held by Liberty were exchanged for approximately 7.1 million USA shares, with the remaining approximately 320.9 million USANi shares held by Vivendi (including USANi shares obtained from Liberty) cancelled.

Other Transactions

In June 2002, USA and Liberty completed the exchange of all of Liberty's shares of Home Shopping Network, Inc. into USA shares, with USA issuing approximately 31.6 million shares of USA common stock and approximately 1.6 million shares of USA Class B common stock to Liberty.

On September 25, 2002, USA announced that it completed its acquisition of Interval International, a leading membership services company that provides timeshare exchange and other value-added services to its timeshare-owing members and to resort developers, for approximately $533 million in cash, subject to a working capital adjustment.

On January 17, 2003, USA completed its acquisition of all of the outstanding shares of Ticketmaster common stock that USA did not already own. The acquisition was accomplished by the merger of a wholly-owned subsidiary of USA with Ticketmaster, with Ticketmaster surviving as a wholly owned subsidiary of USA.

In the merger, each outstanding share of Ticketmaster Class A common stock and Ticketmaster Class B common stock (other than shares held by USA, Ticketmaster and their subsidiaries) was converted into the right to receive 0.935 of a share of USA common stock. USA issued an aggregate of approximately 45.4 million shares of USA common stock in the merger. As a result of the merger, shares of Ticketmaster Class B common stock, which prior to the merger traded on the Nasdaq National Market under the symbol "TMCS," were delisted from trading.

On November 21, 2002, USA announced that it had entered into a definitive agreement to purchase Entertainment Publications, Inc., originator of the Entertainment® Book, for approximately $370 million in a combination of cash and USA common stock (up to 50% of the consideration), subject to a maximum discount to USA of $10 million in the event that USA elects to pay all cash. Based in Michigan, Entertainment Publications sells annual memberships for Entertainment® Books which contain discount offers on dining, hotels, shopping and leisure activities. Entertainment Publications serves many major markets and does business with tens of thousands of local merchants and national retailers. The transaction is expected to be completed no later than the first quarter of 2003, subject to standard closing conditions and approvals.

On December 19, 2002, USA announced that it entered into an agreement to acquire uDate.com, Inc., a global online personals group based in Derby, England, which provides dating and matchmaking services through www.udate.com and www.kiss.com, for approximately $150 million in USA common stock, subject to various adjustments. The transaction is expected to close in the first quarter of 2003, subject to standard closing conditions and approvals.

DESCRIPTION OF NOTES

General

We issued our old 7% notes, and will issue the exchange notes, under an indenture dated as of December 16, 2002, among USA, USANi, as guarantor, and JPMorgan Chase Bank, as trustee. Pursuant to the indenture, we may also from time to time, without notice to or consent of the holders, issue additional notes of the same tenor, coupon and other terms as the notes, so that such additional notes, the old 7% notes and the exchange notes offered in this exchange offer form a single series. Unless the context otherwise requires, references to the "notes" in this "*Description of Notes*" are to any additional notes issued as described in the preceding sentence, the old 7% notes and the exchanges notes to be issued in this exchange offer.

The following discussion of the provisions of the indenture, which includes the guarantee, and the terms of the notes is a summary only and does not purport to be a complete discussion of the terms of the notes. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939. Accordingly, the following discussion is qualified in its entirety by reference to the provisions of the indenture and the notes, including the definitions of various terms used below with their initial letters capitalized. We urge you to read the indenture because it, and not this description, defines your rights as the holders of the notes. You may request copies of the indenture at the address set forth under "*Where You Can Find More Information*."

Principal, Maturity and Interest

We are offering to exchange all of our old 7% notes for up to $750.0 million aggregate principal amount of our exchange notes. The exchange notes and the old 7% notes will be substantially identical in all material respects, except that transfer restrictions and registration rights relating to the old 7% notes will not apply to the exchange notes.

The notes will mature on January 15, 2013 and upon surrender will be repaid at 100.0% of the principal amount thereof. Principal and interest on the notes are payable in immediately available funds in U.S. dollars, or in such other coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts. The notes will bear interest at the rate of 7% per annum. Interest on the notes will accrue from December 16, 2002, or from the most recent interest payment date to which interest has been paid or provided for. Interest on the notes will be payable semi-annually on each January 15 and July 15 of each year, beginning on July 15, 2003, to holders of record at the close of business on the January 1 or July 1, as the case may be, next preceding such interest payment date. Interest will be calculated on the basis of a 360-day year of twelve 30-day months.

If the date of payment of the principal of or interest on the notes or the date fixed for redemption of the notes does not fall on a business day, then payment of principal or interest need not be made on such date at such place but may be made on the next succeeding business day. The payment shall have the same force and effect as if made on the applicable payment date or the date fixed for redemption, and no interest shall accrue for the period after such date. A "business day" shall mean a day which is not, in New York City, a Saturday, Sunday, a legal holiday or a day on which banking institutions are authorized or obligated by law to close.

Principal of, premium, if any, and interest on the notes will be payable, and the notes may be exchanged or transferred, at JPMorgan Chase Bank, 4 New York Plaza, 15th Floor, New York, New York 10004, except that at the option of USA, payment of interest may be made by mailing a check to holders at their registered addresses or by wire transfer to an account located in the United States maintained by the payee.

The notes will be issued only in fully registered form, without coupons, in denominations of $1,000 and any integral multiple of $1,000. No service charge will be made for any registration of transfer or

exchange of notes, but we may require a payment in sum sufficient to cover any transfer tax or other similar governmental charge payable upon a transfer or exchange of the notes.

Optional Redemption

The notes will be redeemable, at our option, in whole or in part, at any time and from time to time, at a redemption price equal to the greater of (a) 100% of the principal amount of the notes to be redeemed or (b) the sum of the present values of the remaining scheduled payments of principal and interest in respect of the notes to be redeemed that would be due after the redemption date had the redemption not occurred, obtained by discounting such remaining scheduled payments to the redemption date at the Treasury Rate plus 50 basis points, on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), in each case, plus any accrued and unpaid interest on the notes to the date of redemption. If the redemption date is not an interest payment date for the notes, the amount of the next succeeding scheduled interest payment on the notes will be reduced by the amount of interest accrued on the notes to the redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of notes to be redeemed. If less than all the notes are to be redeemed, the notes to be redeemed shall be selected by the trustee by such method as the trustee shall deem fair and appropriate in accordance with methods generally used at the time of selection by fiduciaries in similar circumstances. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

Except as set forth above, the notes will not be redeemable by us prior to maturity and will not be entitled to the benefit of any sinking fund.

Guarantee

USANi will unconditionally guarantee to each holder of the notes and the trustee, on an unsecured and unsubordinated basis, the full and prompt payment of principal, premium, if any, and interest on the notes, and all other obligations under the indenture. USANi's guarantee will terminate whenever (a) it consolidates with, or sells, leases or conveys all or substantially all of its assets to, or merges with or into, USA pursuant to the terms of "*—Merger, Consolidation or Sale of Assets*," or (b) the $6^3/_4$% Senior Notes due 2005 issued by USA Interactive and USANi cease to be outstanding or USANi's obligations under such notes and the related indenture are discharged or defeased pursuant to the terms thereof. USA and USANi are co-obligors under the $6^3/_4$% Senior Notes due November 15, 2005. The $6^3/_4$% notes are redeemable, at the option of USA and USANi, at any time, pursuant to the terms of the related indenture. In addition, USA and USANi may purchase all of the $6^3/_4$% notes or defease or otherwise discharge their obligations under the $6^3/_4$% notes and the related indenture at any time. Accordingly, USANi's guarantee is currently scheduled to terminate on November 15, 2005, but may be terminated earlier.

The indenture will provide that the obligations of USANi will be limited to the maximum amount that, after giving effect to all other contingent and fixed liabilities of USANi, would cause the obligations of USANi under its guarantee not to constitute a fraudulent conveyance or fraudulent transfer under any federal or state law.

Ranking

The notes will be unsecured and unsubordinated obligations of USA and will rank equally in right of payment with all of our existing and future unsecured and unsubordinated obligations. So long as it is in effect, USANi's guarantee will be an unsecured and unsubordinated obligation of USANi and will rank equally with all other existing and future unsecured and unsubordinated obligations of USANi. The notes will be effectively junior to all of our existing and future secured indebtedness and, so long

as it is in effect, USANi's guarantee will be effectively junior to all secured indebtedness of USANi, in each case, to the extent of the assets securing such indebtedness.

As of September 30, 2002, we and our Subsidiaries had approximately $24.2 million of secured indebtedness, including approximately $4.0 million of capital lease obligations. As of September 30, 2002, after giving pro forma effect to the offering of the old 7% notes, we and USANi would have had approximately $5,237.4 million of unsecured unsubordinated liabilities, consisting in part of $750.0 million aggregate principal amount of old 7% notes, approximately $498.7 million of $6^{3}/_{4}$% Senior Notes due 2005, approximately $258.2 million of current and long-term liabilities and approximately $2,175.6 million of deferred taxes related to the VUE transaction.

Our and USANi's operations are conducted through our and USANi's Subsidiaries, and we and USANi derive our operating income and cash flow from our investments in our Subsidiaries. Therefore, our and USANi's ability to make payments when due to the holders of the notes is in part dependent upon the receipt of sufficient funds from our and USANi's Subsidiaries. Claims of creditors of such Subsidiaries generally will have priority with respect to the assets and earnings of such Subsidiaries (other than USANi, so long as USANi's guarantee is in effect) over the claims of our creditors, including holders of the notes. Accordingly, the notes and USANi's guarantee will be effectively subordinated to creditors, including trade creditors and preferred stockholders, if any, of our Subsidiaries (other than USANi as long as USANi's guarantee is in effect).

As of September 30, 2002, our Subsidiaries (other than USANi) had approximately $1,874.5 million of unsecured liabilities including trade payables, of which $309.8 million was owed to USA or to USANi.

Covenants

Except as set forth below, neither we nor USANi will be restricted by the indenture from:

- incurring any type of indebtedness or other obligation;
- paying dividends or making distributions on our or its capital stock; or
- purchasing or redeeming our or its capital stock.

In addition, we are not required to maintain any financial ratios or specified levels of net worth or liquidity or to repurchase or redeem or otherwise modify the terms of any of the notes upon a change in control or other events involving us or USANi which may adversely affect the creditworthiness of the notes.

The indenture will contain covenants, including, among others, the following:

Limitation on Liens. USA will not directly or indirectly incur, and will not permit any of our Subsidiaries to directly or indirectly incur, any indebtedness secured by a mortgage, security interest, pledge, lien, charge or other encumbrance upon (a) any properties or assets, including capital stock, of USA or any of our Subsidiaries or (b) any shares of stock or indebtedness of any of our Subsidiaries (whether such property, assets, shares or indebtedness are now existing or owned or hereafter created or acquired), in each case, unless prior to or at the same time, the notes or, in respect of mortgages on USANi's property or assets, USANi's guarantee (together with, at our option, any other indebtedness of or guarantee by USA or any of our Subsidiaries ranking equally with the notes or USANi's guarantee) are equally and ratably secured with or, at our option, prior to, such secured indebtedness. Mortgages, security interests, pledges, liens, charges and other encumbrances are collectively referred to in this prospectus as "mortgages."

The foregoing restriction does not apply to:

(1) mortgages on property, shares of stock or indebtedness existing of any person at the time such person becomes our Subsidiary or a Subsidiary of any of our Subsidiaries; *provided* that such mortgage was not incurred in anticipation of such person becoming a Subsidiary;

(2) mortgages on property, shares of stock or indebtedness existing at the time of acquisition by us or any of our Subsidiaries or any of its Subsidiaries of such property, shares of stock or indebtedness (which may include property previously leased by USA or any of our Subsidiaries and leasehold interests on such property; *provided* that the lease terminates prior to or upon the acquisition) or mortgages on property, shares of stock or indebtedness to secure the payment of all or any part of the purchase price of such property, shares of stock or indebtedness, or mortgages on property, shares of stock or indebtedness to secure any indebtedness for borrowed money incurred prior to, at the time of, or within 18 months after, the latest of the acquisition of such property, shares of stock or indebtedness or, in the case of property, the completion of construction, the completion of improvements or the commencement of substantial commercial operation of such property for the purpose of financing all or any part of the purchase price of the property, the construction or the making of the improvements;

(3) mortgages securing indebtedness of a Subsidiary owing to us or any of our Subsidiaries;

(4) mortgages existing on the date of the initial issuance of the notes (other than any additional notes);

(5) mortgages on property of a person existing at the time such person is merged into or consolidated with us or any of our Subsidiaries or at the time of a sale, lease or other disposition of the properties of a person as an entirety or substantially as an entirety to us or any of our Subsidiaries; *provided* that such mortgage was not incurred in anticipation of the merger or consolidation or sale, lease or other disposition;

(6) mortgages created in connection with a project financed with, and created to secure, a Nonrecourse Obligation;

(7) mortgages securing the notes (including any additional notes); or

(8)

any extensions, renewals or replacements of any mortgage referred to in clauses (1) through (7) without increase of the principal of the indebtedness secured by the mortgage; *provided, however*, that any mortgages permitted by any of clauses (1) through (7) shall not extend to or cover any property of ours or any of our Subsidiaries, as the case may be, other than the property specified in such clauses and improvements to such property.

Notwithstanding the restrictions outlined in the preceding paragraph, we and our Subsidiaries will be permitted to incur indebtedness secured by a mortgage which would otherwise be subject to the foregoing restrictions without equally and ratably securing the notes or, in respect of mortgages on USANi's property or assets, USANi's guarantee; *provided* that after giving effect to such indebtedness, the aggregate amount of all indebtedness secured by mortgages (not including mortgages permitted under clauses (1) through (8) above) does not at the time exceed 15% of the Consolidated Net Assets of USA.

Merger, Consolidation or Sale of Assets. We and USANi may, without the consent of the holders of any outstanding notes (including any additional notes), consolidate with or sell, lease or convey all or substantially all of our or its assets to, or merge with or into, any other person; *provided* that:

(1) we or, in the case of USANi, we or USANi shall be the continuing person or, alternatively, the successor person formed by or resulting from such consolidation or merger, or the person which shall have received the transfer of such assets, shall have been organized under the laws of any domestic jurisdiction and shall have expressly assumed our or USANi's, as the case may be, obligations under the notes and the indenture;
(2) immediately after giving effect to such transaction, no event of default and no event which, after notice or the lapse of time, or both, would become such an event of default shall have occurred and be continuing; and

(3) an officers' certificate and legal opinion is delivered to the trustee, each stating that the consolidation, merger, conveyance or transfer complies with clauses (1) and (2) above.

The successor person will succeed to, and be substituted for, and may exercise all of our rights and powers under, the indenture but we, in the case of a lease of all or substantially all of our assets, will not be released from the obligation to pay the principal of and interest on the notes.

Notwithstanding any provision to the contrary, this covenant will cease to apply to USANi immediately upon any discharge, defeasance, waiver (to the same extent of such waiver) or termination of USANi's obligations under the covenant governing merger, consolidation and sale of assets in the indenture related to our and USANi's 6$^{3}/_{4}$% Senior Notes due 2005, or upon termination of USANi's guarantee for whatever reason. See also "*—Guarantee*."

Defaults

Each of the following is an event of default under the indenture:

(1) a default by us in any payment of interest, including additional interest, if any, on any note when due, which continues for 30 days;
(2) a default by us in the payment of principal of any note when due at its stated maturity date, upon optional redemption, upon declaration or otherwise;
(3) a failure by us to comply with our other agreements contained in the indenture continuing for 90 days after written notice as provided in the indenture;
(4) (a) our failure to make any payment at maturity, including any applicable grace period, on any of our indebtedness in an amount in excess of $25,000,000 and continuance of this failure to pay or (b) a default by us on any of our indebtedness, which default results in the acceleration of indebtedness in an amount in excess of $25,000,000 without this indebtedness having been discharged or the acceleration having been cured, waived, rescinded or annulled, in the case of (a) or (b) above, for a period of 30 days after written notice thereof to us by the trustee or to us and the trustee by the holders of not less than 25% in principal amount of outstanding notes (including any additional notes); *provided, however*, that if the failure, default or acceleration referred to in (a) or (b) above shall cease or be cured, waived, rescinded or annulled, then the event of default shall be deemed cured;
(5) USANi's guarantee ceases to be in full force and effect during its term or USANi denies or disaffirms in writing its obligations under the indenture or its guarantee, in each case, other than any such cessation, denial or disaffirmation in connection with a termination of its guarantee provided for in the indenture; and
(6) various events in bankruptcy, insolvency or reorganization involving us.

The foregoing will constitute an event of default whatever the reason for any such event of default and whether it is voluntary or involuntary or is effected by operation of any law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

If an event of default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding notes (including any additional notes) by notice to us may declare the principal of, and accrued and unpaid interest on, all the notes to be due and payable. Upon this declaration, principal and interest will be immediately due and payable. If an event of default relating to certain events of bankruptcy, insolvency or reorganization of USA occurs and is continuing, the principal of, and accrued interest on, all the notes (including any additional notes) will become immediately due and payable without any declaration or other act on the part of the trustee or any holders. Under some circumstances, the holders of a majority in aggregate principal amount of the

outstanding notes (including any additional notes) may rescind any acceleration with respect to the notes and its consequences.

If an event of default occurs and is continuing, the trustee, in conformity with its duties under the indenture, will exercise all rights or powers under the indenture at the request or direction of any of the holders; *provided* that the holders provide the trustee with a reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no holder of notes may pursue any remedy with respect to the indenture or the notes unless:

(1) the holder previously notified the trustee that an event of default is continuing;
(2)

holders of at least 25% in aggregate principal amount of the outstanding notes (including any additional notes) requested the trustee to pursue the remedy;

(3) the requesting holders offered the trustee reasonable security or indemnity against any loss, liability or expense;

(4) the trustee has not complied with the holder's request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the holders of a majority in principal amount of the outstanding notes (including any additional notes) have not given the trustee a direction inconsistent with the request within the 60-day period.

Generally, the holders of a majority in principal amount of the outstanding notes (including any additional notes) are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or of exercising any trust or power conferred on the trustee. The trustee, however, may refuse to follow any direction that conflicts with law or the indenture or that the trustee determines is unduly prejudicial to the rights of any other holder or that would involve the trustee in personal liability.

If a default occurs and is continuing and is known to the trustee, the trustee must mail to each holder notice of the default within 90 days after it is known to the trustee. Except in the case of a default in the payment of principal of, premium, if any, or interest on any note, the trustee may withhold notice if the trustee determines in good faith that withholding notice is not opposed to the interests of the holders. In addition, we are required to deliver to the trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers of the certificate know of any default that occurred during the previous year. We also are required to notify the trustee within 30 days of any event which would constitute various defaults, their status and what action we are taking or propose to take in respect of these defaults.

Amendments and Waivers

Subject to certain exceptions, we may amend the indenture with the consent of the holders of a majority in principal amount of the notes (including any additional notes) then outstanding. Except as provided below, any past default or compliance with any provisions of the indenture or the notes may be waived with the consent of the holders of a majority in principal amount of the notes then outstanding (including any additional notes). These consents may be obtained by various means, including, without limitation through a tender offer or exchange offer for the notes. Without the consent of each holder of an outstanding note (including any additional note), we may not amend the indenture to:

(1) reduce the amount of notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of or extend the time for payment of interest on any note;

(3) reduce the principal of or extend the stated maturity date of any note;

(4) reduce the premium payable upon any redemption of any note or change the time at which any note may be redeemed;

(5) make any note payable in money other than that stated in each note;

(6) impair the right of any holder to receive payment of principal of and interest on the holder's notes on or after the due dates for the payment of the principal or interest or to institute suit for the enforcement of any payment on or with respect to the holder's notes;

(7) make any changes that would affect the ranking for the notes in a manner adverse to the holders;

(8) release USANi's guarantee (except as otherwise provided in the indenture) or make any changes to USANi's guarantee in any manner materially adverse to the holders; or

(9) make any change in the amendment provisions which require each holder's consent.

We may amend the indenture without the consent of any holder:

(1) to cure any ambiguity, omission, defect or inconsistency;

(2) to provide for the assumption by a successor corporation of our obligations under the indenture;

(3) to add guarantees or collateral security with respect to the notes;

(4) to add to our covenants under the indenture for the benefit of the holders or to surrender any right or power conferred upon us;

(5) to make any change that does not adversely affect the rights of any holder;

(6) to comply with any requirement of the Securities and Exchange Commission regarding qualification of the indenture under the Trust Indenture Act; and

(7) to provide for the issuance of the exchange notes or any additional notes.

The consent of the holders is not necessary under the indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. After an amendment under the indenture becomes effective, we are required to mail to the holders a notice briefly describing such amendment. However, the failure to give such notice to all holders or any other defect in such notice will not impair or affect the validity of the amendment.

Transfer and Exchange

A holder may transfer or exchange notes under the indenture. Upon any transfer or exchange, the registrar and the trustee may require a holder to furnish appropriate endorsements and transfer documents and we may require a holder to pay any taxes required by law or permitted by the indenture, including any transfer tax or other similar governmental charge payable due to the transfer or exchange. We are not required to transfer or exchange any note selected for redemption or to transfer or exchange any note for a period of 15 days prior to a selection of notes to be redeemed. The notes will be issued in registered form and the registered holder of a note will be treated as the owner of the note for all purposes.

Defeasance

We may terminate all of our obligations under the notes and the indenture at any time through legal defeasance ("legal defeasance"), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the notes, to replace mutilated, destroyed, lost or stolen notes and to maintain a registrar and paying agent in respect of the notes.

In addition, at any time, we may also terminate our obligations under the covenants described under "*—Covenants*" (other than the covenant described under "*—Merger, Consolidation and Sale of Assets*") and clauses (4) and (5) under "*—Defaults*" ("covenant defeasance").

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option. If we exercise our legal defeasance option, payment of the notes may not be accelerated because of an event of default with respect thereto. If we exercise our covenant defeasance option, payment of the notes may not be accelerated because of any event of default described in clause (4) or (5) under "*—Defaults*."

To exercise either defeasance option:

(1) We must irrevocably deposit with the trustee, in trust for the benefit of the holders of the notes, money or U.S. government obligations which will provide cash at the times and in the amounts as will be sufficient to pay principal and interest when due on all the notes to maturity or redemption;

(2) We will deliver to the trustee an opinion of counsel which will provide that the holders of the notes will not recognize income, gain or loss for federal income tax purposes as a result of the deposit and defeasance and will be subject to federal income tax on the same amounts and in the same manner and at the same times as would have been the case if the deposit and defeasance had not occurred; and

(3) In the case of legal defeasance, the opinion of counsel referred to in (2) above must be based on a ruling of the Internal Revenue Service or other change in applicable federal income tax law.

Concerning the Trustee

JPMorgan Chase Bank is the trustee under the indenture and is also registrar and paying agent of the notes and the exchange agent in the exchange offer. JPMorgan Chase Bank is also the trustee under the indenture governing our and USANi's $6^{3}/_{4}$% Senior Notes due 2005.

The indenture contains limitations on the rights of the trustee, should it become a creditor of us, to obtain payment of claims in some cases, or to realize on property received in respect of any of these claims as security or otherwise. The trustee is permitted to engage in other transactions. However, if the trustee acquires any conflicting interest it must either eliminate its conflict within 90 days, apply to the Commission for permission to continue or resign.

Governing Law

The indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes. "Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, on the third business day preceding such redemption date, as contained in the daily statistical release, or any successor release, published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (2) if the release, or any successor release, is not published or does not contain these prices on that business day: (a) the average of the Reference Treasury Dealer Quotations for this redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations or (b) if the trustee obtains fewer than four Reference Treasury Dealer Quotations, the average of all of these quotations.

"Consolidated Net Assets" means as of any particular time the aggregate amount of assets of our and our consolidated Subsidiaries at the end of the most recently completed fiscal quarter after deducting, to the extent included, all current liabilities other than (a) notes and loans payable, (b) current maturities of long-term debt and (c) current maturities of obligations under capital leases, all as listed on the consolidated balance sheet of the entity and its consolidated Subsidiaries as of the end of the relevant fiscal quarter and computed in accordance with GAAP.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ability to exercise voting power, by contract or otherwise. A person shall be deemed to Control another person if such person (1) is an officer or director of the other person or (2) directly or indirectly owns or controls 10% or more of the other person's capital stock. "Controlling" and "Controlled" have meanings correlative thereto.

"GAAP" means generally accepted accounting principles in the United States of America in effect from time to time.

"guarantee" means any obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any indebtedness of any other person and any obligation, direct or indirect, contingent or otherwise, of such person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such indebtedness of such other person (whether arising by virtue of partnership arrangements, or by agreement to keep well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided*, *however*, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"holder" means the person in whose name a note is registered on the registrar's books.

"incur" means, issue, assume, guarantee, incur or otherwise become liable for.

"indebtedness" means, with respect to any person, obligations (other than Nonrecourse Obligations, the notes offered hereby and USANi's guarantee thereof) of such person for borrowed money or evidenced by bonds, debentures, notes or similar instruments.

"Nonrecourse Obligation" means indebtedness or other obligations substantially related to (1) the acquisition of assets not previously owned by us, USANi or any of our or its Subsidiaries or (2) the financing of a project involving the development or expansion of properties of ours, USANi or any of our or its Subsidiaries, as to which the obligee with respect to such indebtedness or obligation has no recourse to us, USANi or any of our Subsidiaries or any of our, USANi's or our Subsidiaries' assets other than the assets which were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and the proceeds thereof).

"person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or political subdivision thereof.

"Reference Treasury Dealer" means each of Lehman Brothers Inc. and its successors and three other nationally recognized investment banking firms that are primary U.S. Government securities dealers specified from time to time by us so long as the entity is a primary U.S. Government securities dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in

writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

"Subsidiary" means, with respect to any person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of that date, as well as any other corporation, limited liability company, partnership, association or other entity (1) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of that date, owned, controlled or held, or (2) that is, as of that date, otherwise Controlled (within the meaning of the first sentence of the definition of "Control"), by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Treasury Rate" means, for any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity, computed as the second business day immediately preceding that redemption date, of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

Book-Entry, Delivery and Form of Exchange Notes

We will initially issue the exchange notes in the form of one or more registered global notes without interest coupons. Upon issuance, the global notes will be deposited with the trustee, as custodian for the Depositary Trust Company, or DTC, and registered in the name of DTC or its nominee, in each case for credit to the accounts of DTC's direct and indirect participants as described below.

The global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee in certain limited circumstances. Beneficial interests in the global notes may be exchanged for exchange notes in certificated form in certain limited circumstances. See "—*Certificated Notes.*" Transfers of beneficial interests in the global notes will be subject to the applicable rules and procedures of DTC and its direct and indirect participants, including those of Euroclear and Clearstream, which may change from time to time.

Certain Book Entry Procedures for the Global Notes. The descriptions of the operations and procedures of DTC, Euroclear and Clearstream set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. We do note take any responsibility for these operations or procedures, and you are urged to contact the relevant system or its participants directly to discuss these matters.

DTC has advised us that it is (a) a limited-purpose trust company organized under the laws of the State of New York, (b) a "banking organization" within the meaning of the New York Banking Law, (c) a member of the Federal Reserve System, (d) a "clearing corporation" within the meaning of the New York Uniform Commercial Code, as amended, and (e) a "clearing agency" registered under Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. DTC's participants include securities brokers and dealers, banks and trust companies, clearing corporations and other organizations. Indirect access to DTC's system is also available to indirect participants such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Investors who are

not participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants.

We expect that pursuant to the procedures established by DTC, upon the issuance and deposit of each global note, (a) DTC will credit the accounts of each institution that is a participant in DTC whose name appears on a security position listing as an owner of old 7% notes and who elects to exchange its old 7% notes for exchange notes with an interest in the global note and (b) ownership of the exchange notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee with respect to interests of participants and the records of participants with respect to interests of persons other than participants. Investors may hold their interests in the global notes directly through DTC if they are participants in the system, or indirectly through organizations which are participants in the system. The laws of some jurisdictions may require that purchasers of securities take physical delivery of the securities in definitive form. These limits and laws may impair the ability to transfer or pledge beneficial interests in the global notes.

So long as DTC or its nominee is the registered owner of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the exchange notes represented by the global note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global note will not be entitled to have exchange notes represented by such global note registered in their names, will not receive or be entitled to receive physical delivery of certificated notes, and will not be considered the owners or holders thereof under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee thereunder. Accordingly, each holder owning a beneficial interest in a global note must rely on the procedures of DTC and, if such holder is not a participant or an indirect participant, on the procedures of the participant through which such holder owns its interest, to exercise any rights of a holder of exchange notes under the indenture or such global note. We understand that under existing industry practice, in the event that we request any action of holders of exchange notes, or a holder that is an owner of a beneficial interest in a global note desires to take any action that DTC, as the holder of such global note, is entitled to take, DTC would authorize the participants to take such action and the participants would authorize holders owning through such participants to take such action or would otherwise act upon the instruction of such holders. Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of exchange notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to such notes.

Any payment of principal of and interest on exchange notes represented by the global notes registered in the name of and held by DTC or its nominee will be made to DTC or its nominee, as the registered owner and holder of the global notes. Under the terms of the indenture, we and the trustee may treat the persons in whose name the exchange notes, including the global notes, are registered as the owners thereof for purposes of payment and otherwise.

We expect that DTC or its nominee, upon receipt of any payment of principal of or interest on the global notes, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global notes as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the global notes held through those participants will be governed by standing instructions and customary practices and will be the responsibility of those participants. We will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the global notes for any exchange notes or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests or for any other aspect of the relationship between DTC and its participants or the relationship between its participants and the owners of beneficial interests in the global notes owning through its participants.

Transfers between participants in DTC will be effected in accordance with DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; *provided*, *however*, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream as a result of sales of interest in a global note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Certificated Exchange Notes

Subject to certain conditions, the exchange notes represented by the global notes are exchangeable for certificated notes in definitive form of like tenor in denominations of $1,000 and integral multiples thereof if:

(1) we notify the trustee in writing that DTC is no longer willing or able to act as a depositary or DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days of our notice or cessation;
(2) we, at our option, notify the trustee in writing that we elect to cause the issuance of exchange notes in definitive form under the indenture; or
(3) upon the occurrence of other events as provided in the indenture, then, upon surrender by DTC of the global notes.

In any such event, certificated notes will be issued to each person that DTC identifies as the beneficial owner of the exchange notes represented by the global notes. Upon any such issuance, the trustee is required to register those certificated exchange notes in the name of the beneficial owner or owners, or their nominee of, and cause the certificated exchange notes to be delivered to that person.

Neither we nor the trustee shall be liable for any delay by DTC or any participant or indirect participant in identifying the beneficial owners of the related exchange notes, and we and the trustee may conclusively rely on, and shall be protected in relying on, instructions from DTC for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the exchange notes to be issued.

THE EXCHANGE OFFER

The following is a summary of certain provisions of the exchange and registration rights agreement, dated as of December 16, 2002, by and among USA Interactive, USANi, as guarantor, and Lehman Brothers Inc. and J.P. Morgan Securities Inc., as initial purchasers, and does not purport to be complete. The

following discussion is qualified in its entirety by reference to the exchange and registration rights agreement, which has been filed as an exhibit to the registration statement.

Purpose of the Exchange Offer

Upon the issuance of the old 7% notes under a purchase agreement, dated as of December 11, 2002, by and among USA Interactive, USANi, as guarantor, and Lehman Brothers Inc. and J.P. Morgan Securities Inc., as initial purchasers, the initial purchasers and their respective assignees became entitled to the benefits of the exchange and registration rights agreement.

The exchange offer being made by this prospectus is intended to satisfy your registration rights under the exchange and registration rights agreement. If we fail to fulfill such registration obligations, you, as a holder of outstanding old 7% notes, are entitled to receive additional interest until we have fulfilled such obligations, at the rate of 0.25% per annum. All amounts of accrued additional interest will be payable in cash on the same interest payment dates as the notes.

Under the exchange and registration rights agreement, we agreed that we will, at our cost:

- file under the Securities Act, no later than 120 days after the date the old 7% notes were originally issued, December 16, 2002, a registration statement relating to an offer to exchange any and all old 7% notes for exchange notes that are substantially identical to the old 7% notes, except that transfer restrictions and registration rights relating to the old 7% notes do not apply to the exchange notes;

- use our reasonable best efforts to cause the exchange offer registration statement to be declared effective under the Securities Act no later than 210 days after December 16, 2002;

- use our best efforts to complete the exchange offer no later than 240 days after December 16, 2002; and

- keep the exchange offer open for not less than 20 business days (or longer if required by applicable law) after the date notice of the exchange offer is mailed to the holders of the old 7% notes.

For each old 7% note validly surrendered to us pursuant to the exchange offer, we will issue to the holder of such note an exchange note having a principal amount equal to that of the surrendered note. Interest on each exchange note will accrue from the last interest payment date on which interest was paid on the note surrendered in exchange thereof or, if no interest has been paid on such note, from the date interest begins to accrue on such note.

Under existing Securities and Exchange Commission interpretations, the exchange notes will be freely transferable by holders after the exchange offer without further registration under the Securities Act if the holder of the exchange notes represents to us in the exchange offer that it is acquiring the exchange notes in the ordinary course of its business, that it has no arrangement or understanding with any person to participate in the distribution of the exchange notes and that it is not an "affiliate" of ours, as defined in Rule 405 of the Securities Act; *provided, however*, that broker-dealers receiving exchange notes in the exchange offer will have a prospectus delivery requirement with respect to resales of such exchange notes. The Commission has taken the position that broker-dealers receiving exchange notes in the exchange offer may fulfill their prospectus delivery requirements with respect to exchange notes (other than a resale of an unsold allotment from the original sale of the old 7% notes) with the prospectus contained in the exchange offer registration statement.

Under the exchange and registration rights agreement, we will be required for 90 days after the consummation of the exchange offer to allow broker-dealers receiving exchange notes in the exchange offer and other persons, if any, with similar prospectus delivery requirements to use this prospectus in connection with the resale of the exchange notes.

In addition, each broker-dealer that receives exchange notes for its own account in exchange for old 7% notes, where the old 7% notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange securities. See "*Plan of Distribution.*"

Holders of old 7% notes who do not exchange their old 7% notes for exchange notes in the exchange offer will continue to be subject to the provisions of the indenture regarding transfer and exchange of the old 7% notes and the restrictions on transfer of the old 7% notes as described in the legend on the old 7% notes. In general, the old 7% notes may not be offered or sold, unless registered under the Securities Act, except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. See also "*—Consequences of Failures to Properly Tender Old 7% Notes in the Exchange Offer*."

We are entitled to close the exchange offer 20 business days after the commencement of the offer provided that we have accepted all notes previously validly tendered in accordance with the terms of the exchange offer.

Terms of the Exchange Offer

Upon the terms and subject to the conditions contained in this prospectus and in the letter of transmittal, we will accept any and all old 7% notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date. The term "expiration date" means 5:00 p.m., New York City time, on [•], 2003, unless we, in our sole discretion, extend the exchange offer, in which case the term "expiration date" shall mean the latest date and time to which the exchange offer is extended. Our obligation to accept old 7% notes for exchange in the exchange in the exchange offer is subject to the conditions described below under "*—Conditions to the Exchange Offer.*"

This prospectus, together with the letter of transmittal, is first being sent on or about [•], 2003, to all holders of old 7% notes known to us. As of the date of this prospectus, an aggregate of $750.0 million principal amount of old 7% notes is outstanding. We will issue $l,000 principal amount of exchange notes in exchange for each $l,000 principal amount of outstanding old 7% notes accepted in the exchange offer. Holders may tender some or all of their old 7% notes under the exchange offer. However, old 7% notes may be tendered only in integral multiples of $1,000.

The exchange notes will evidence the same debt as the old 7% notes and will be entitled to the benefits of the indenture under which the old 7% notes were, and the exchange notes will be, issued. The form and terms of the exchange notes will be substantially identical to the form and terms of the old 7% notes, except that:

- the offering of the exchange notes has been registered under the Securities Act;
- the exchange notes will not be subject to transfer restrictions; and
- the exchange notes will be issued free of any covenants regarding registration rights.

We reserve the right to extend, amend or terminate the exchange offer, and not to accept for exchange any old 7% notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer set forth below under "*—Conditions to the Exchange Offer.*" We will give oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the old 7% notes as promptly as practicable. If we materially change the terms of the exchange offer, we will disclose such amendment in a manner reasonably calculated to inform the holders of the

old 7% notes of such amendment, resolicit tenders of the old 7% notes, file a post-effective amendment of this prospectus and provide notice to the holders of the old 7% notes. If the change is made less than five business days before the expiration of the exchange offer, we will extend the offer so that the holders of the old 7% notes have at least five business days to tender or withdraw. We will notify you of any extension by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the business day following the previously scheduled expiration date.

You do not have any appraisal or dissenters rights under law or the indenture in the exchange offer. We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act.

If you tender old 7% notes in the exchange offer, you will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes relating to the exchange of old 7% notes under the exchange offer. We will pay all charges and expenses, other than certain applicable taxes, as part of the exchange offer. See "*—Fees and Expenses.*"

Procedures for Tendering

Only a holder of old 7% notes may tender the old 7% notes in the exchange offer. To tender in the exchange offer, a holder must, on or prior to 5:00 p.m., New York City time, on the expiration date:

- complete, sign and date the letter of transmittal, or a facsimile thereof, have the signatures thereon guaranteed if required by the letter of transmittal, and mail or otherwise deliver such letter of transmittal or such facsimile or, if old 7% notes are tendered by a DTC participant in accordance with the book-entry procedures described below under "*—Book-Entry Transfer,*" transmit an agent's message to the exchange agent at the address listed below under "*—Exchange Agent*" and
- mail or otherwise deliver the old 7% notes, or a confirmation of an appropriate book-entry transfer into the exchange agent's account at DTC, and any other required documents, to the exchange agent at the address listed below under "*—Exchange Agent.*"

For old 7% notes to be tendered effectively, the exchange agent must receive certificates for the old 7% notes prior to 5:00 p.m., New York City time, on the expiration date. Any financial institution which is a participant in DTC may make book-entry delivery of the old 7% notes by causing DTC to transfer the old 7% notes into the exchange agent's account and to deliver an agent's message on or prior to the expiration date in accordance with DTC's procedure for such transfer. Although delivery of old 7% notes may be effected through book-entry transfer into the exchange agent's account at DTC, the letter of transmittal, with any required signature guarantees and any other required documents, must in any case be transmitted to and received by the exchange agent prior to 5:00 p.m., New York City time, on the expiration date at one of its addresses listed below under "*—Exchange Agent,*" or the guaranteed delivery procedure described below under "*—Guaranteed Delivery Procedures*" must be complied with. Delivery of documents to DTC in accordance with its procedures does not constitute delivery to the exchange agent. All references in this prospectus to deposit or delivery of old 7% notes shall be deemed to include DTC's book-entry delivery method.

The method of delivery of old 7% notes and the letter of transmittal and all other required documents to the exchange agent, including delivery through DTC, is at the election and risk of the holder. Instead of delivery by mail, it is recommended that holders use an overnight or hand delivery service. If old 7% notes are sent by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to assure delivery to the exchange agent before the expiration date. No letter of transmittal or old 7% notes should be sent to us.

The tender by a holder will constitute an agreement between such holder and us in accordance with the terms and subject to the conditions described in this prospectus and in the letter of transmittal.

Holders may request their respective brokers, dealers, commercial banks, trust companies or nominees to effect the above transactions for such holders.

Any beneficial owner whose old 7% notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct such registered holder to tender on such beneficial owner's behalf. If such beneficial owner wishes to tender on such owner's own behalf, such owner must, prior to completing and executing the letter of transmittal and delivering such owner's old 7% notes, either make appropriate arrangements to register ownership of the old 7% notes in such owner's name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed by an eligible institution unless the old 7% notes tendered pursuant thereto are tendered:

- by a registered holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or

- for the account of an eligible institution.

If the signatures on a letter of transmittal or a notice of withdrawal needs to be guaranteed, such guarantee must be by an eligible institution. An "eligible institution" is a financial institution, including most banks, savings and loan associations and brokerage houses, that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program.

If the letter of transmittal is signed by a person other than a registered holder of old 7% notes, the letter of transmittal must be accompanied by a written instrument of transfer or exchange in satisfactory form duly executed by the registered holder with the signature guaranteed by an eligible institution. The old 7% notes must be endorsed or accompanied by appropriate powers of attorney. In either case, the old 7% notes must be signed exactly as the name of any registered holder appears on the old 7% notes.

If the letter of transmittal or any old 7% notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and unless waived by us, proper evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

We will determine in our sole discretion all questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered old 7% notes and all other documents. This determination will be final and binding.

We reserve the absolute right to reject any and all old 7% notes not properly tendered or any old 7% notes our acceptance of which would, in our opinion or in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular old 7% notes. Our interpretation of the terms and conditions of the exchange offer (including the instructions in the letter of transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of old 7% notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to tenders of old 7% notes, neither we nor the exchange agent nor any other person shall incur any liability for failure to give such notification. Tenders of old 7% notes will not be deemed to have been made until such defects or irregularities have been cured or waived. Any old 7% notes received by the

exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the exchange agent to the tendering holders (or, in the case of old 7% notes delivered by book-entry transfer within DTC, will be credited to the account maintained within DTC by the DTC participant which delivered such old 7% notes), unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

In addition, we reserve the right in our sole discretion to (a) purchase or make offers for any old 7% notes that remain outstanding subsequent to the expiration date, (b) as set forth below under "*—Conditions*" terminate the exchange offer and (c) to the extent permitted by applicable law, purchase old 7% notes in the open market, in privately negotiated transactions, through subsequent exchange offers or otherwise. The terms of any such purchases or offers could differ from the terms of the exchange offer.

By tendering, each holder will represent to us, among others, that:

- the exchange notes to be received by it in connection with this exchange offer will be acquired in the ordinary course of business;

- it is not engaged in, does not intend to engage in, and does not have any arrangement or understanding with any person to participate in, a distribution (within the meaning of the Securities Act) of the exchange notes; and

- such holder is not an "affiliate" of ours, as defined in Rule 405 of the Securities Act.

If any holder or other person is an "affiliate" of ours, as defined under Rule 405 of the Securities Act, or is engaged in, or intends to engage in, or has an arrangement or understanding with any person to participate in, a distribution of the exchange notes, that holder or other person cannot rely on the applicable interpretations of the staff of the SEC and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

In addition, each broker-dealer that receives exchange notes for its own account in exchange for old 7% notes, where the old 7% notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange securities. See "*Plan of Distribution.*"

Book-Entry Transfer

The exchange agent will establish a new account or utilize an existing account with respect to the old 7% notes at DTC promptly, but no later than two business days, after the date of this prospectus. Any financial institution that is a participant in DTC and whose name appears on a security position listing as the owner of old 7% notes may make a book-entry tender of old 7% notes by causing DTC to transfer such old 7% notes into the exchange agent's account in accordance with DTC's procedures for such transfer. DTC participants that are accepting the exchange offer should transmit their acceptance to DTC, which will edit and verify such acceptance, execute a book-entry transfer of the tendered old 7% notes into the exchange agent's account at DTC. DTC will then send to the exchange agent confirmation of this book-entry transfer. The confirmation of this book-entry transfer will include an agent's message confirming that DTC has received an express acknowledgment from the participant that such participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against such participant. Although tender of old 7% notes may be effected through book-entry transfer at DTC, the letter of transmittal (or a facsimile thereof), properly completed and validly executed, with any required signature guarantees, or an agent's message in lieu of the letter of transmittal, and any other required documents, must, in any case, be received by the exchange agent at its address listed below under the caption "*—Exchange Agent*" on or prior to the expiration date, or the guaranteed delivery procedures described below must be complied with.

Guaranteed Delivery Procedures

If a registered holder of old 7% notes wishes to tender such notes, and (a) the certificates representing such old 7% notes are not lost but are not immediately available, (b) time will not permit the letter of transmittal, certificates representing the holder's old 7% notes or other required documents to reach the exchange agent before the expiration date or (c) the procedure for book-entry transfer described above cannot be completed prior to the expiration date, a tender may nonetheless be made if:

- the tender is made by or through an eligible institution;
- prior to the expiration date, the exchange agent receives from such eligible institution at the address listed below under "*—Exchange Agent*" a properly completed and duly executed notice of guaranteed delivery, in substantially the form provided by us, (a) listing the name and address of the holder of old 7% notes and the principal amount of old 7% notes tendered, (b) stating that the tender is being made thereby and (c) guaranteeing that, within three New York Stock Exchange trading days after the expiration date, a duly executed letter of transmittal (or facsimile thereof) or, in the case of a book-entry transfer, a confirmation, in either case, together with the certificates for all physically tendered old 7% notes in proper form for transfer (or a confirmation of book-entry transfer of such old 7% notes into the exchange agent's account at DTC), and any other documents required by the letter of transmittal and the instructions thereto, will be deposited by such eligible institution with the exchange agent; and
- a properly completed and duly executed letter of transmittal (or facsimile thereof) with any required signature guarantees or, in the case of a book-entry transfer, a confirmation, together with certificates of all physically tendered old 7% notes in proper form for transfer (or a confirmation of book-entry transfer of such old 7% notes into the exchange agent's account at DTC), and any other documents required by the letter of transmittal and the instruction thereto, are received by the exchange agent within three New York Stock Exchange trading days after the expiration date.

Acceptance of Old 7% Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all old 7% notes properly tendered. We will issue the exchange notes promptly after acceptance of the old 7% notes. See "*—Conditions to the Exchange Offer.*" For purposes of the exchange offer, we will be deemed to have accepted properly tendered old 7% notes for exchange when, as and if we have given oral or written notice to the exchange agent, with prompt written confirmation of any oral notice.

For each old 7% note accepted for exchange, the holder of the old 7% notes will receive an exchange note having a principal amount equal to that of the surrendered old 7% note. The exchange notes will bear interest from the most recent date to which interest has been paid on the old 7% notes. Accordingly, registered holders of exchange notes on the relevant record date for the first interest payment date following the completion of the exchange offer will receive interest accruing from the most recent date to which interest has been paid. Old 7% notes accepted for exchange will cease to accrue interest from and after the date of completion of the exchange offer. Holders of old 7% notes whose old 7% notes are accepted for exchange will not receive any payment for accrued interest on the old 7% notes otherwise payable on any interest payment date the record date for which occurs on or after completion of the exchange offer and will be deemed to have waived their rights to receive the accrued interest on the old 7% notes.

In all cases, issuance of exchange notes for old 7% notes will be made only after timely receipt by the exchange agent of certificates for the old 7% notes, or a timely book-entry confirmation of the

transfer of old 7% notes into the exchange agent's account at DTC; a properly completed and duly executed letter of transmittal; and all other required documents.

Unaccepted or non-exchanged old 7% notes will be returned without expense to the tendering holder of the old 7% notes. In the case of old 7% notes tendered by book-entry transfer in accordance with the book-entry procedures described below, the non-exchanged old 7% notes will be credited to an account maintained at DTC, as promptly as practicable after the expiration or termination of the exchange offer.

Withdrawal of Tenders

Except as otherwise provided herein, tenders of old 7% notes may be withdrawn at any time prior to 5:00 pm., New York City time, on the expiration date.

To withdraw a tender of old 7% notes in the exchange offer, a written or facsimile transmission notice of withdrawal must be received by the exchange agent at its address at the address listed below under "*—Exchange Agent*" prior to 5:00 p.m., New York City time, on the expiration date. Any notice of withdrawal must:

- specify the name of the person having deposited the old 7% notes to be withdrawn;
- identify the old 7% notes to be withdrawn (including the certificate number or numbers and principal amount of such old 7% notes);
- be signed by the holder in the same manner as the original signature on the letter of transmittal by which the old 7% notes were tendered (including any required signature guarantees) or be accompanied by documents of transfer sufficient to have the trustee with respect to the old 7% notes register the transfer of the old 7% notes into the name of the person withdrawing the tender; and
- specify the name in which any old 7% notes are to be registered, if different from that of the person having deposited the notes to be withdrawn.

If the old 7% notes have been delivered under the book-entry procedure set forth above under "*—Book-Entry Transfer*" any notice of withdrawal must specify the name and number of the participant's account at DTC to be credited with the withdrawn old 7% notes. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by us in our sole discretion, which determination shall be final and binding on all parties. Any old 7% notes so withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer, and no exchange notes will be issued with respect thereto unless the old 7% notes so withdrawn are validly retendered. Properly withdrawn old 7% notes may be retendered by following one of the procedures described above under "*—Procedures for Tendering*" at any time prior to the expiration date.

Conditions

Notwithstanding any other term of the exchange offer, we are not required to accept for exchange any old 7% notes, and may terminate the exchange offer as provided in this prospectus before the acceptance of any old 7% notes, if:

- any action or proceeding is instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer which, in our reasonable judgment, might materially impair our ability to proceed with the exchange offer or materially impair the contemplated benefits of the exchange offer to us, or any material adverse development has occurred in any existing action or proceeding with respect to us or any of our subsidiaries;

- any change, or any development involving a prospective change, in our business or financial affairs or the business or financial affairs of any of our subsidiaries has occurred which, in our reasonable judgment, might materially impair our ability to proceed with the exchange offer or materially impair the contemplated benefits of the exchange offer to us;

- any law, statute, rule or regulation is proposed, adopted or enacted, which, in our reasonable judgment, might materially impair our ability to proceed with the exchange offer or materially impair the contemplated benefits of the exchange offer to us;

- there shall have occurred (1) any general suspension of trading in, or general limitation on prices for, or trading in, securities on any national securities exchange or in the over-the-counter market, (2) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation by any governmental agency or authority that adversely affects the extension of credit or (3) a commencement of war, armed hostilities or other similar international calamity directly or indirectly involving the United States; or, in the case any of the foregoing exists at the time of commencement of the exchange offer, a material acceleration or worsening thereof; or

- any governmental approval has not been obtained, which approval we shall in our reasonable judgment, deem necessary, for the completion of the exchange offer as contemplated hereby.

These conditions are for our sole benefit and may be asserted by us regardless of the circumstance giving rise to any such condition or may be waived by us in whole or in part at any time and from time to time in our reasonable discretion. Our failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of the right, and each right shall be deemed an ongoing right which may be asserted at any time and from time to time.

If we determine in our reasonable judgment that any of the conditions are not satisfied, we may:

- refuse to accept any old 7% notes and return all tendered old 7% notes to the tendering holders (or, in the case of old 7% notes delivered by book-entry transfer within DTC, credit any old 7% notes to the account maintained at DTC by the participant in DTC which delivered the old 7% notes);

- extend the exchange offer and retain all old 7% notes tendered prior to the expiration of the exchange offer, subject, however, to the rights of holders to withdraw the tenders of old 7% notes (see "*—Withdrawal of Tenders*" above); or

- waive the unsatisfied conditions with respect to the exchange offer and accept all properly tendered old 7% notes which have not been withdrawn. If a waiver constitutes a material change to the exchange offer, we will promptly disclose the waiver by means of a prospectus supplement that will be distributed to the registered holders, and we will extend the exchange offer for a period of five business days if the exchange offer would otherwise expire during such five business day period.

Consequences of Failures to Properly Tender Old 7% Notes in the Exchange Offer

Participation in the exchange offer is voluntary. In the event the exchange offer is completed, we will not be required to register any remaining old 7% notes. Remaining old 7% notes will continue to be subject to the following restrictions on transfer:

- holders may resell old 7% notes only if we register the old 7% notes under the Securities Act, if an exemption from registration is available or if the transaction requires neither registration under nor an exemption from the requirements of the Securities Act; and

- the remaining old 7% notes will bear a legend restricting transfer in the absence of registration or an exemption.

Other than in connection with the exchange offer, we are not obligated to, nor do we currently anticipate that we will, register the old 7% notes under the Securities Act. To the extent that old 7% notes are tendered and accepted in connection with the exchange offer, any trading market for remaining old 7% notes may be adversely affected.

Exchange Agent

JPMorgan Chase Bank, the trustee under the indenture, has been appointed as exchange agent for the exchange offer. Questions and requests for assistance and inquiries for additional copies of this prospectus or of the letter of transmittal should be directed to the exchange agent addressed as follows:

By Registered or Certified Mail, or Overnight Delivery
After 4:30 p.m. on the Expiration Date:
JPMorgan Chase Bank
ITS Bond Events
2001 Bryan Street, 9th Floor
Dallas, Tx 75201
Attention: Frank Ivins
For Information Call: 212-623-6794
By Regular Mail (REGISTERED OR CERTIFIED MAIL RECOMMENDED)
JPMorgan Chase Bank
ITS Bond Events
P.O. Box 2320
Dallas, Tx 75221
By Facsimile Transmission Number
(for Eligible Institutions only):
(214) 468-6494
Attention: Frank Ivins
To Confirm Facsimile: (214) 468-6464

Delivery of the letter of transmittal to an address other than as set forth above or transmission of instructions via facsimile other than as set forth above does not constitute a valid delivery of such letter of transmittal.

Fees And Expenses

We have not retained any dealer-manager as part of the exchange offer and will not make any payments to brokers, dealers or others soliciting acceptance of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for services and will reimburse it for its reasonable out-of-pocket expenses under the exchange offer. We will also pay the cash expenses to be incurred under the exchange offer. Such expenses include fees and expenses of the exchange agent and trustee, accounting and legal fees and printing costs, among others. We estimate these expenses in the aggregate to be approximately $[•]

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of old 7% notes under the exchange offer. If, however, exchange notes or old 7% notes for principal amounts not tendered or

accepted for exchange are to be registered, or are to be issued in the name of, or delivered to, any person other than the registered holder, or if tendered old 7% notes are registered in the name of any person other than the person signing the letter of transmittal, or if a transfer tax is imposed for any reason other than the exchange of old 7% notes in the exchange offer, then the amount of any transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of the taxes or exemption from such payment is not submitted with the letter of transmittal, the amount of the transfer taxes will be billed directly to the tendering holder.

Accounting Treatment

We will not recognize any gain or loss for accounting purposes upon the consummation of the exchange offer. We will amortize the expense of the exchange offer over the term of the exchange notes under generally accepted accounting principles.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of the principal United States federal income tax consequences to holders of old 7% notes who exchange their old 7% notes for exchange notes in the exchange offer. This discussion is based on currently existing provisions of the Internal Revenue Code of 1986, as amended, existing, temporary and proposed Treasury regulations promulgated under the Internal Revenue Code, and administrative and judicial interpretations of the Internal Revenue Code, all as in effect or proposed on the date of this prospectus and all of which are subject to change, possibly with retroactive effect, or different interpretations. This discussion is limited to holders of old 7% notes who hold such notes as capital assets, within the meaning of section 1221 of the Internal Revenue Code. Moreover, this discussion is for general information only and does not address all of the tax consequences that may be relevant to holders of old 7% notes and exchange notes in light of their personal circumstances or to some types of holders of old 7% notes and exchange notes including financial institutions, insurance companies, tax-exempt entities, dealers in securities or persons who have hedged the risk of owning a note. In addition, this discussion does not address any tax consequences arising under the laws of any state, locality or foreign jurisdiction, or any estate or gift tax considerations.

BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, EACH HOLDER OF OLD 7% NOTES IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO ITS PARTICULAR TAX SITUATION AND AS TO ANY FEDERAL, FOREIGN, STATE, LOCAL OR OTHER TAX CONSIDERATIONS (INCLUDING ANY POSSIBLE CHANGES IN TAX LAW) AFFECTING THE EXCHANGE OF THE OLD 7% NOTES.

Exchange Offer

The exchange of old 7% notes for exchange notes under the exchange offer should not be treated as an exchange or other taxable event for United States Federal income tax purposes. Accordingly, there should be no United States Federal income tax consequences to holders who exchange old 7% notes for

exchange notes under the exchange offer and any holder should have the same adjusted tax basis and holding period in the exchange notes as it had in the old 7% notes immediately before the exchange.

PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange notes for its own account under the exchange offer must acknowledge that it will deliver a prospectus as part of any resale of the exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer as part of resales of exchange notes received in exchange for old 7% notes where the old 7% notes were acquired as a result of market-making activities or other trading activities. We have agreed that for a period of 90 days after the expiration date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

Neither USA Interactive or USANi will receive any proceeds from any sale of exchange notes by broker-dealers or any other holder of exchange notes. Exchange notes received by broker-dealers for their own account under the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of these methods of resale, at market prices prevailing at the time of resale, at prices related to the prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any of these broker-dealers and the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of the exchange notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on their resale of exchange notes and any commissions or concessions received by them may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that by acknowledging that it will deliver a prospectus and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 90 days after the expiration date, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests these documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer (including the expenses of one counsel for the holders of the old 7% notes) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

Certain legal matters in connection with the exchange notes offered hereby will be passed upon for us by Covington & Burling, New York, New York.

EXPERTS

The consolidated financial statements and the related financial statement schedule of USA Interactive at December 31, 2001 and 2000, and for each of the three years in the period ended December 31, 2001, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements and the related financial statement schedule incorporated in this prospectus by reference from Expedia, Inc.'s Transition Report on Form 10-K for the six-month period ended December 31, 2001, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is incorporated herein by reference, and has so been incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
USA Interactive

We have audited the accompanying consolidated balance sheets of USA Interactive (formerly USA Networks, Inc.) and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of USA Interactive and subsidiaries at December 31, 2001 and 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2 to the consolidated financial statements, on January 1, 2001, the Company adopted AICPA Statement of Position 00-2, "Accounting by Producers or Distributors of Films."

/s/ ERNST & YOUNG LLP

New York, New York
January 29, 2002, except for
Notes 21 and 23 as to which the
dates are July 23, 2002 and
December 2, 2002, respectively

USA INTERACTIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	2001	2000	1999
	(In Thousands, Except Per Share Data)		
Product sales	$ 1,938,979	$ 1,799,932	$ 1,370,790
Service revenue	1,529,881	1,164,680	630,318
Net revenue	3,468,860	2,964,612	2,001,108
Operating costs and expenses:			
Cost of sales—product sales	1,287,630	1,178,369	900,896
Cost of sales—service revenue	1,043,808	821,636	417,242
Selling and marketing	441,544	350,178	265,181
General and administrative	320,844	268,233	184,429
Other operating costs	81,159	69,473	43,256
Amortization of cable distribution fees	43,975	36,322	26,680
Amortization of non-cash distribution and marketing expense	26,384	11,665	—
Amortization of non-cash compensation expense	7,800	12,740	6,423
Depreciation and amortization	432,139	565,742	205,843
Total operating costs and expenses	3,685,283	3,314,358	2,049,950
Operating loss	(216,423)	(349,746)	(48,842)
Other income (expense):			
Interest income	26,994	38,753	26,897
Interest expense	(46,179)	(46,119)	(56,592)
Gain on sale of subsidiary stock	—	108,343	—
Loss in unconsolidated subsidiaries and other	(51,849)	(59,326)	(4,269)

	(71,034)	41,651	(33,964)
Loss from continuing operations before income taxes and minority interest	(287,457)	(308,095)	(82,806)
Income tax expense	(2,450)	(43,850)	(28,558)
Minority interest	103,108	179,547	42,152
Loss from Continuing Operations	(186,799)	(172,398)	(69,212)
Discontinued operations, net of tax	61,747	24,415	41,581
Gain on disposal of Broadcasting stations, net of tax	517,847	—	—
Earnings (loss) before cumulative effect of accounting change, net of tax	392,795	(147,983)	(27,631)
Cumulative effect of accounting change from discontinued operations, net of tax	(9,187)	—	—
Net Earnings (Loss)	$ 383,608	$ (147,983)	$ (27,631)
Loss per share from continuing operations:			
Basic loss per common share	$ (.50)	$ (.48)	$ (.21)
Diluted loss per common share	$ (.50)	$ (.48)	$ (.21)
Earnings (Loss) per share, before cumulative effect of accounting change:			
Basic earnings (loss) per common share	$ 1.05	$ (.41)	$ (.08)
Diluted earnings (loss) per common share	$ 1.05	$ (.41)	$ (.08)
Net Earnings (Loss) per Share:			
Basic earnings (loss) per common share	$ 1.03	$ (.41)	$ (.08)
Diluted earnings (loss) per common share	$ 1.03	$ (.41)	$ (.08)

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

USA INTERACTIVE AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31,	
	2001	**2000**
	(In Thousands, Except Share Data)	
CURRENT ASSETS		
Cash and cash equivalents	$ 978,377	$ 244,223
Restricted cash equivalents	9,107	2,021
Marketable securities	171,464	127,102
Accounts and notes receivable, net of allowance of $16,252 and $11,734, respectively	276,716	265,998
Receivable from sale of USAB	589,625	—
Inventories, net	197,354	227,920
Deferred tax assets	39,946	32,842
Other current assets, net	84,727	47,911
Net current assets of discontinued operations	38,343	86,517
Total current assets	2,385,659	1,034,534
PROPERTY, PLANT AND EQUIPMENT		
Computer and broadcast equipment	349,145	303,123
Buildings and leasehold improvements	125,491	118,054
Furniture and other equipment	91,292	73,617
Land	15,665	15,658
Projects in progress	45,754	44,406
	627,347	554,858
Less accumulated depreciation and amortization	(228,360)	(145,908)
	398,987	408,950
OTHER ASSETS		
Goodwill	3,075,831	3,089,182
Intangible assets, net	218,651	280,666
Cable distribution fees, net	158,880	159,117
Long-term investments	64,731	48,949

Notes and accounts receivable, net of current portion ($99,819 and $22,575, respectively, from related parties)	108,095	27,305
Advance to Universal	39,265	95,220
Deferred charges and other, net	89,751	68,711
Net long-term assets of discontinued operations	—	433,656
	$ 6,539,850	$ 5,646,290

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31,	
	2001	2000
	(In Thousands, Except Share Data)	
CURRENT LIABILITIES		
Current maturities of long-term obligations	$ 33,519	$ 24,748
Accounts payable, trade	309,609	251,357
Accounts payable, client accounts	102,011	97,687
Cable distribution fees payable	32,795	33,598
Deferred revenue	75,256	63,999
Income tax payable	188,806	—
Other accrued liabilities	262,727	207,988
Total current liabilities	1,004,723	679,377
LONG-TERM OBLIGATIONS (net of current maturities)	544,372	551,766
OTHER LONG-TERM LIABILITIES	26,350	23,662
DEFERRED INCOME TAXES	210,184	42,783
MINORITY INTEREST	706,688	908,831
NET LONG-TERM LIABILITIES OF DISCONTINUED OPERATIONS	102,032	—
STOCKHOLDERS' EQUITY		
Preferred stock—$.01 par value; authorized 15,000,000 shares; no shares issued and outstanding	—	—
Common stock—$.01 par value; authorized 1,600,000,000 shares; issued and outstanding, 314,704,017 and 305,436,198 shares, respectively	3,147	3,055
Class B convertible common stock—$.01 par value; authorized, 400,000,000 shares; issued and outstanding, 63,033,452 shares	630	630
Additional paid-in capital	3,918,401	3,793,764
Retained earnings/Accumulated deficit	181,267	(202,341)
Accumulated other comprehensive loss	(11,605)	(10,825)
Treasury stock	(141,341)	(139,414)
Note receivable from key executive for common stock issuance	(4,998)	(4,998)
Total stockholders' equity	3,945,501	3,439,871
	$ 6,539,850	$ 5,646,290

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

USA INTERACTIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Total	Common Stock	Class B Convertible Common Stock	Addit. Paid-in Capital	Retained Earnings /(Accum. Deficit)	Accum. Other Comp. Income	Treasury Stock	Unearned Compensation	Note Receivable From Key Executive for Common Stock Issuance
				(In Thousands)				

Balance at December 31, 1998	$ 2,571,405	$ 2,545	$ 630	$ 2,592,456	$ (26,727)	$ 8,852	$ —	$ (1,353)	$ (4,998)
Comprehensive income:									
Net earnings for the year ended December 31, 1999	(27,631)	—	—	—	(27,631)	—	—	—	—
Decrease in unrealized gains in available for sale securities	(3,956)	—	—	—	—	(3,956)	—	—	—
Foreign currency translation	(123)	—	—	—	—	(123)	—	—	—
Comprehensive loss	(31,710)								
Issuance of common stock upon exercise of stock options	47,967	111	—	47,856	—	—	—	—	—
Income tax benefit related to stock options exercised	42,362	—	—	42,362	—	—	—	—	—
Issuance of stock in connection with October Films/PFE Transaction	23,558	12	—	23,546	—	—	—	—	—
Issuance of stock in connection with other acquisitions	4,498	3	—	4,495	—	—	—	—	—
Issuance of stock in connection Liberty preemptive rights	120,306	73	—	120,233	—	—	—	—	—
Purchase of Treasury Stock in connection with stock repurchase program	(8,933)	(4)	—	—	—	—	(8,929)	—	—
Cancellation of employee equity program	(355)	—	—	(442)	—	—	(635)	722	—
Amortization of unearned compensation related to stock options and equity participation plans	631	—	—	—	—	—	—	631	—
Balance at December 31, 1999	2,769,729	2,740	630	2,830,506	(54,358)	4,773	(9,564)	—	(4,998)
Comprehensive income:									
Net loss for the year ended December 31, 2000	(147,983)	—	—	—	(147,983)	—	—	—	—
Decrease in unrealized gains in available for sale securities	(11,958)	—	—	—	—	(11,958)	—	—	—
Foreign currency translation	(3,640)	—	—	—	—	(3,640)	—	—	—
Comprehensive loss	(163,581)								
Issuance of common stock upon exercise of stock options	37,341	46	—	37,295	—	—	—	—	—
Income tax benefit related to stock options exercised	26,968	—	—	26,968	—	—	—	—	—
Issuance of stock in connection with PRC acquisition	887,371	322	—	887,049	—	—	—	—	—
Issuance of stock in connection with other transactions	11,950	4	—	11,946	—	—	—	—	—
Purchase of Treasury Stock	(129,907)	(57)	—	—	—	—	(129,850)	—	—
Balance at December 31, 2000	3,439,871	3,055	630	3,793,764	(202,341)	(10,825)	(139,414)	—	(4,998)
Comprehensive income:									
Net Income for the year ended December 31, 2001	383,608	—	—	—	383,608	—	—	—	—
Decrease in unrealized losses in available for sale securities	5,600	—	—	—	—	5,600	—	—	—
Foreign currency translation	(6,380)	—	—	—	—	(6,380)	—	—	—
Comprehensive Income	382,828								
Issuance of common stock upon exercise of stock options	80,931	90	—	80,841	—	—	—	—	—
Income tax benefit related to stock options exercised	38,439	—	—	38,439	—	—	—	—	—
Issuance of stock in connection with other transactions	5,360	3	—	5,357	—	—	—	—	—
Purchase of Treasury Stock	(1,928)	(1)	—	—	—	—	(1,927)	—	—
Balance at December 31, 2001	$ 3,945,501	$ 3,147	$ 630	$ 3,918,401	$ 181,267	$ (11,605)	$ (141,341)	$ —	$ (4,998)

Accumulated other comprehensive income is comprised of unrealized (losses) gains on available for sale securities of $39, $(5,561) and $6,397 at December 31, 2001, 2000 and 1999, respectively and foreign currency translation adjustments of $(11,644), $(5,264) and $(1,624) at December 31, 2001, 2000 and 1999, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

USA INTERACTIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2001	2000	1999
	(In Thousands)		
Cash flows from operating activities:			
Loss from continuing operations:	$ (186,799)	$ (172,398)	$ (69,212)
Adjustments to reconcile loss from continuing operations to net cash provided by operating activities:			

Depreciation and amortization	432,139	565,742	205,843
Amortization of cable distribution fees	43,975	36,322	26,680
Amortization of deferred financing costs	1,491	3,778	5,035
Non-cash distribution and marketing	26,384	11,665	—
Deferred income taxes	12,253	21,357	10,890
Equity in (earnings) losses of unconsolidated affiliates and other	48,977	58,333	(1,806)
Gain on sale of subsidiary stock	—	(108,343)	—
Non-cash interest income	(3,729)	(8,735)	(671)
Non-cash stock compensation	7,800	12,740	6,423
Minority interest	(103,108)	(179,547)	(42,152)
Changes in current assets and liabilities:			
Accounts receivable	18,844	(64,925)	(26,328)
Inventories	31,128	(44,892)	(36,838)
Accounts payable	38,914	27,468	35,504
Accrued liabilities and deferred revenue	(25,119)	(837)	14,606
Increase in cable distribution fees	(47,393)	(64,876)	(42,887)
Other, net	2,578	(5,531)	(7,327)
Net Cash Provided By Operating Activities	298,335	87,321	77,760
Cash flows from investing activities:			
Acquisitions, net of cash acquired	(198,641)	(125,985)	(144,451)
Capital expenditures	(130,536)	(160,423)	(101,697)
Advance to Universal	—	—	(200,000)
Recoupment of advance to Universal	59,821	77,330	42,951
Increase in long-term investments and notes receivable	(122,413)	(33,890)	(69,646)
Purchase of marketable securities	(51,977)	(134,895)	—
Proceeds from sale of broadcast stations	510,374	—	—
Payment of merger and financing costs	—	(18,758)	(4,765)
Other, net	(31,576)	(11,395)	9,290
Net Cash Provided By (Used in) Investing Activities	35,052	(408,016)	(468,318)
Cash flows from financing activities:			
Borrowings	23,086	64,840	—
Principal payments on long-term obligations	(22,331)	(99,684)	(256,217)
Purchase of treasury stock	(1,928)	(129,907)	(8,933)
Payment of mandatory tax distribution to LLC partners	(17,369)	(68,065)	(28,830)
Proceeds from sale of subsidiary stock	12,234	93,189	4,268
Proceeds from issuance of common stock and LLC shares	80,932	210,642	422,544
Other, net	(18,368)	(12,852)	(32,628)
Net Cash Provided By Financing Activities	56,256	58,163	100,204
Net Cash Provided By Discontinued Operations	348,174	86,266	267,651
Effect of exchange rate changes on cash and cash equivalents	(3,663)	(2,687)	(123)
Net Increase (Decrease) In Cash and Cash Equivalents	734,154	(178,953)	(22,826)
Cash and cash equivalents at beginning of period	244,223	423,176	446,002
Cash and Cash Equivalents at End of Period	$ 978,377	$ 244,223	$ 423,176

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

USA INTERACTIVE AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION

GENERAL

USA Interactive ("USA" or the "Company") (Nasdaq: USAI) is organized into two groups, the USA Interactive Group and the USA Entertainment Group. The USA Interactive Group consists of Home Shopping Network (including HSN International and HSN.com); Ticketmaster (Nasdaq: TMCS), which operates Ticketmaster, Ticketmaster.com, Citysearch and Match.com; Hotels.com (formerly Hotel Reservations Network (Nasdaq: ROOM); Electronic Commerce Solutions; Styleclick (OTC: IBUY); Precision Response Corporation; and Expedia, Inc. (as of February 4, 2002) (Nasdaq: EXPE). The USA Entertainment Group consists of USA Cable, including USA Network and Sci Fi Channel and Emerging Networks TRIO, Newsworld International and Crime; Studios USA, which produces and distributes television programming; and USA Films, which produces and distributes films.

USA Entertainment was contributed to a joint venture with Vivendi Universal, S.A. ("Vivendi") on May 7, 2002 (the "VUE transaction") and the results of operations and statement of position of USA Entertainment is now presented as a discontinued operation. See Note 21 for further discussion of the VUE transaction.

On February 4, 2002, USA completed its acquisition of a controlling interest in Expedia, Inc. ("Expedia") through a merger of one of its subsidiaries with and into Expedia. See below for further discussion.

On January 31, 2001, Ticketmaster Online-Citysearch, Inc. and Ticketmaster Corporation, both of which are subsidiaries of USA, completed a transaction which combined the two companies. The combined company has been renamed "Ticketmaster." Under the terms of the transaction, USA contributed Ticketmaster Corporation to Ticketmaster Online-Citysearch and received 52 million Ticketmaster Online-Citysearch Class B Shares. The Ticketmaster Class B common stock is quoted on the Nasdaq Stock Market.

In August 2001, the Company completed its previously announced sale of all of the capital stock of certain USA Broadcasting ("USAB") subsidiaries that own 13 full-power television stations and minority interests in four additional full-power stations to Univision Communications Inc. ("Univision"). Total cash proceeds were $1.1 billion, of which $510.4 million was collected in fiscal year 2001 and $589.6 million in January 2002. The gain on the sale of the stations was $517.8 million, net of tax of $377.4 million. The majority of the stations sold are located in the largest markets in the country and aired HSN on a 24-hour basis. The operations of USAB have been presented in the accompanying financial statements as discontinued operations.

Prior to the VUE transaction, a number of USA's businesses were held by two non-wholly owned subsidiaries, Home Shopping Network, Inc. ("Holdco") and USANi LLC. USA maintained control and management of Holdco and USANi LLC, and manages the businesses held by USANi LLC, in substantially the same manner as they would be if USA held them directly through wholly owned subsidiaries. The other principal owners of these subsidiaries were Liberty Media Corporation ("Liberty") and Vivendi, through Universal Studios, Inc. ("Universal") and other subsidiaries. In connection with the VUE transaction, all shares of USANi LLC held by Liberty and Vivendi were exchanged or cancelled USA had the contractual right to require the exchange of the Holdco shares held by Liberty for shares of USA, which exchange occurred on June 27, 2002. Following such exchange and after giving effect to the VUE transaction, Holdco and USANi LLC are wholly owned, thereby simplifying USA's corporate and capital structure.

SUBSEQUENT EVENTS (UNAUDITED)

Expedia Transaction

On February 4, 2002, USA completed its acquisition of a controlling interest in Expedia through a merger of one of its subsidiaries with and into Expedia. Immediately following the merger, USA owned all of the outstanding shares of Expedia Class B common stock, representing approximately 64.2% of Expedia's then outstanding shares, and 94.9% of the voting interest in Expedia. On February 20, 2002, USA acquired 936,815 shares of Expedia common stock, increasing USA's ownership to 64.6% of Expedia's the then outstanding shares, with USA's voting percentage remaining at 94.9%. In the merger, USA issued to former holders of Expedia common stock who elected to receive USA securities an aggregate of 20.6 million shares of USA common stock, 13.1 million shares of $50 face value 1.99% cumulative convertible preferred stock of USA and 14.6 million USA warrants. Expedia will continue to be traded on Nasdaq under the symbol "EXPE," the USA cumulative preferred stock trades on OTC under the symbol "USAIP" and the USA warrants trade on Nasdaq under the symbol "USAIW."

Pursuant to the terms of the USA/Expedia transaction documents, Microsoft Corporation, which beneficially owned 33,722,710 shares of Expedia common stock, elected to exchange all of its Expedia common stock for USA securities in the merger. Expedia shareholders who did not receive USA securities in the transaction retained their Expedia shares and received for each Expedia share held 0.1920 of a new Expedia warrant.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Company and all wholly-owned and voting-controlled subsidiaries. The Company consolidates USANi LLC based upon a Governance Agreement and related agreements allowing the Company to control 100% of the voting interest. USANi LLC was formed in connection with the acquisition of USA Networks as well as the domestic television production and distribution businesses of Universal Studios (the "Universal Transaction"). The documents related to this transaction are constructed with the intent that the businesses held by USANi LLC would be operated in substantially the same manner as they would be if the Company held them directly through wholly owned subsidiaries. The Company consolidates HSN-Germany based upon a Pooling Agreement allowing for the Company to elect a majority of the Board of Directors and to control the operations of HSN-Germany. Significant intercompany transactions and accounts have been eliminated.

Investments in which the Company owns a 20%, but not in excess of 50%, interest and where it can exercise significant influence over the operations of the investee, are accounted for using the equity method. In addition, partnership interests are recorded using the equity method. All other investments are accounted for using the cost method. The Company periodically evaluates the recoverability of investments recorded under the cost method and recognizes losses if a decline in value is determined to be other than temporary.

Electronic Retailing

Revenues from Home Shopping primarily consist of merchandise sales and are reduced by incentive discounts and sales returns to arrive at net sales. Revenues for domestic sales are recorded for credit card sales upon transaction authorization, which occurs only if the goods are in stock, and for

check sales upon receipt of customer payment, which does not vary significantly from the time goods are shipped. Revenues for international sales are recorded upon shipment. Home Shopping's sales policy allows merchandise to be returned at the customer's discretion within 30 days of the date of delivery. Allowances for returned merchandise and other adjustments are provided based upon past experience.

Ticketing

Revenue from Ticketmaster and Ticketmaster.com primarily consists of revenue from ticketing operations which is recognized as tickets are sold, as the Company acts as agent in these transactions.

Hotel Reservations

Charges for hotel accommodations are billed to customers in advance. The related payments are included in deferred revenue and recognized as income at the conclusion of the customer's stay at the hotel, as the Company acts as merchant in these transactions.

The Company offers rooms that are contracted for in advance or are prepaid. Unsold contracted rooms may be returned by the Company based on a cancellation period, which generally expires before the date the customer may cancel the hotel reservation. Customers are subject to a penalty for all cancellations or changes to the reservation. The Company bears the risk of loss for all prepaid rooms and rooms cancelled by a customer subsequent to the period in which the Company can return the unsold rooms. To date, the Company has not incurred significant losses under the room contracts with hotels.

Other

Revenues from all other sources are recognized either upon delivery or when the service is provided.

Merchandise Inventories, Net

Merchandise inventories are valued at the lower of cost or market, cost being determined using the first-in, first-out method. Cost includes freight, certain warehouse costs and other allocable overhead. Market is determined on the basis of net realizable value, giving consideration to obsolescence and other factors. Merchandise inventories are presented net of an inventory carrying adjustment of $42.5 million and $38.8 million at December 31, 2001 and 2000, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments. Short-term investments consist primarily of U.S. Treasury Securities, U.S. Government agencies and certificates of deposit with original maturities of less than 91 days.

Property, Plant and Equipment

Property, plant and equipment, including significant improvements, are recorded at cost. Repairs and maintenance and any gains or losses on dispositions are included in operations.

Depreciation and amortization is provided for on a straight-line basis to allocate the cost of depreciable assets to operations over their estimated service lives.

Asset Category	Depreciation/Amortization Period
Computer and broadcast equipment	3 to 13 Years
Buildings	30 to 40 Years
Leasehold improvements	4 to 20 Years
Furniture and other equipment	3 to 10 Years

Depreciation and amortization expense on property, plant and equipment was $137.6 million, $105.4 million and $51.7 million for the years ended December 31, 2001, 2000 and 1999, respectively.

Long-Lived Assets Including Intangibles

The Company's accounting policy regarding the assessment of the recoverability of the carrying value of long-lived assets, including goodwill and other intangibles and property, plant and equipment, is to review the carrying value of the assets if the facts and circumstances suggest that they may be impaired. If this review indicates that the carrying value will not be recoverable, as determined based on the projected undiscounted future cash flows, the carrying value is reduced to its estimated fair value. See below under "New Accounting Pronouncements" for further information related to goodwill and other intangible assets. The Company amortizes goodwill and other intangible assets over their estimated useful lives, which range from 3 to 40 years for goodwill and 1 to 5 years for intangibles.

Cable Distribution Fees

Cable distribution fees relate to upfront fees paid in connection with multi-year cable contracts for carriage of Home Shopping's programming. These fees are amortized to expense on a straight line basis over the terms of the respective contracts.

Advertising

Advertising costs are primarily expensed in the period incurred. Advertising expense for the years ended December 31, 2001, 2000 and 1999 was $86.8 million, $63.8 million and $33.8 million, respectively.

Income Taxes

The Company accounts for income taxes under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled.

Earnings (Loss) Per Share

Basic earnings per share ("Basic EPS") excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share ("Diluted EPS") reflects the potential dilution that could occur if stock options and other

commitments to issue common stock were exercised resulting in the issuance of common stock that then shares in the earnings of the Company.

Stock-Based Compensation

The Company accounts for stock-based compensation issued to employees in accordance with APB 25, "Accounting for Stock Issued to Employees." In cases where exercise prices are less than fair value as of the grant date, compensation is recognized over the vesting period. For stock-based compensation issued to non-employees, the Company accounts for the grants in accordance with FASB Statement No. 123, "Accounting for Stock Based Compensation."

Minority Interest

Minority interest primarily represents Universal's and Liberty's ownership interest in USANi LLC, Liberty's ownership interest in Holdco, the public's ownership in TMCS until January 31, 2001, the public's ownership in Ticketmaster from January 31, 2001, the public's ownership interest in Hotels.com since February 25, 2000, the public's ownership interest in Styleclick since July 27, 2000 and the partners ownership interest in HSN-Germany since its consolidation as of January 1, 2000.

Foreign Currency Translation

The financial position and operating results of all foreign operations are consolidated using the local currency as the functional currency. Local currency assets and liabilities are translated at the rates of exchange on the balance sheet date, and local currency revenues and expenses are translated at average rates of exchange during the period. Resulting translation gains or losses, which have not been material, are included as a component of accumulated other comprehensive income (loss) in accumulated deficit.

Issuances of Subsidiary Stock

The Company accounts for issuances of stock by a subsidiary via income statement recognition, recording income or losses as non-operating income/ (expense). During the year ended December 31, 2000, the Company recorded a gain of $108.3 million related to the issuance of subsidiary stock. See Note 3 for further discussion.

Accounting Estimates

Management of the Company is required to make certain estimates and assumptions during the preparation of consolidated financial statements in accordance with generally accepted accounting principles. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates.

Significant estimates underlying the accompanying consolidated financial statements include the inventory carrying adjustment, program rights and film cost amortization (Discontinued operations), sales return and other revenue allowances, allowance for doubtful accounts, recoverability of intangibles and other long-lived assets, estimates of film revenue ultimates (Discontinued Operations) and various other operating allowances and accruals.

New Accounting Pronouncements

Goodwill and Other Intangible Assets

Effective January 1, 2002, all calendar year companies will be required to adopt Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets." The new rules eliminate amortization of goodwill and other intangible assets with indefinite lives and establish new measurement criterion for these assets. The rules are expected to reduce USA's annual amortization by approximately $215 million. See Note 24 for further discussion.

Reclassifications

Certain amounts in the prior years' consolidated financial statements have been reclassified to conform to the 2001 presentation.

Discontinued Operations

Revenues—*Cable and Studios*

Television production revenues are recognized as completed episodes are delivered. Generally, television programs are first licensed for network exhibition and foreign syndication, and subsequently for domestic syndication, cable television and home video. Certain television programs are produced and/or distributed directly for initial exhibition by local television stations, advertiser-supported cable television, pay television and/or home video. Television production advertising revenues (*i.e.*, sales of advertising time received by Studios USA in lieu of cash fees for the licensing of program broadcast rights to a broadcast station ("barter syndication")) are recognized upon both the commencement of the license period of the program and the sale of advertising time pursuant to non-cancelable agreements, provided that the program is available for its first broadcast. Foreign minimum guaranteed amounts are recognized as revenues on the commencement date of the license agreement, provided the program is available for exhibition.

USA Cable advertising revenue is recognized in the period in which the advertising commercials are aired on the cable networks. Certain contracts with advertisers contain minimum commitments with respect to advertising viewership. In the event that such minimum commitments are not met, the contracts

require additional subsequent airings of the advertisement. As a result, provisions are recorded against advertising revenues for audience under deliveries ("makegoods") until such subsequent airings are conducted. Affiliate fees are recognized in the period during which the programming is provided.

Film Costs

Film costs consist of direct production costs and production overhead, less accumulated amortization. Prior to the adoption of SOP 00-2 on January 1, 2001 (see below for further information), development roster (and related costs), abandoned story and development costs were charged to production overhead. Film costs are stated at the lower of unamortized cost or estimated net realizable value on a production-by-production basis.

Generally, the estimated ultimate costs of completed film costs are amortized, and participation expenses are accrued, for each production in the proportion that current period revenue recognized bears to the estimated future revenue to be received from all sources. Amortization and accruals are

made under the individual film forecast method. Estimated ultimate revenues and costs are reviewed quarterly and revisions to amortization rates or write-downs to net realizable value are made as required.

Film costs, net of amortization, are classified as non-current assets.

Program Rights

License agreements for program material are accounted for as a purchase of program rights. The asset related to the program rights acquired and the liability for the obligation incurred are recorded at their net present value when the license period begins and the program is available for its initial broadcast. The asset is amortized primarily based on the estimated number of airings. Amortization is computed generally on the straight-line basis as programs air; however, when management estimates that the first airing of a program has more value than subsequent airings, an accelerated method of amortization is used. Other costs related to programming, which include program assembly, commercial integration and other costs, are expensed as incurred. Management periodically reviews the carrying value of program rights and records write-offs, as warranted, based on changes in programming usage.

Advertising Barter Transactions

Barter transactions represent the exchange of commercial air-time for programming, merchandise or services. The transactions are recorded at the estimated fair market value of the asset or services received or given in accordance with Emerging Issues Task Force Issue No. 99-17, "Accounting for Advertising Barter Transactions." Barter revenue for the year ended December 31, 2001 was $42.2 million. Barter revenues for the year ended December 31, 2000 and 1999 are not material to USA's statement of operations.

New Accounting Pronouncements—*Film Accounting*

The Company adopted SOP 00-2, "Accounting by Producers or Distributors of Films" ("SOP 00-2") during the twelve months ended December 31, 2001. SOP 00-2 established new film accounting standards, including changes in revenue recognition and accounting for advertising, development and overhead costs. Specifically, SOP 00-2 requires advertising costs for theatrical and television product to be expensed as incurred. This compares to the Company's previous policy of first capitalizing these costs and then expensing them over the related revenue streams. In addition, SOP 00-2 requires development costs for abandoned projects and certain indirect overhead costs to be charged directly to expense, instead of those costs being capitalized to film costs, which was required under the previous accounting rules. SOP 00-2 also requires all film costs to be classified in the balance sheet as non-current assets. Provisions of SOP 00-2 in other areas, such as revenue recognition, generally are consistent with the Company's existing accounting policies.

SOP 00-2 was adopted as of January 1, 2001, and the Company recorded a one-time, non-cash expense of $9.2 million. The expense is reflected as a cumulative effect of an accounting change in the accompanying consolidated statement of operations.

NOTE 3—BUSINESS ACQUISITIONS

The Company has made numerous acquisitions during the reporting periods. Below is a discussion of each significant acquisition.

Styleclick Transaction

On July 27, 2000, USA and Styleclick.com Inc., an enabler of e-commerce for manufacturers and retailers, completed the merger of Internet Shopping Network, a subsidiary of USA, and Styleclick.com (the "Styleclick Transaction"). The entities were merged with a new company, Styleclick, Inc., which owns and operates the combined properties of Styleclick.com and ISN. Styleclick, Inc. is traded on the OTC under the symbol "IBUY". In accordance with the terms of the agreement, USA invested $40 million in cash and agreed to contribute $10 million in dedicated media, and received warrants to purchase additional shares of the new company. At closing, Styleclick.com repaid $10 million of borrowings outstanding under a bridge loan provided by USA.

The aggregate purchase price, including transaction costs, of $211.9 million was determined as follows:

	(In Thousands)
Value of portion of Styleclick.com acquired in the merger	$ 121,781
Additional cash and promotional investment by USAi	50,000
Fair value of outstanding "in the money options" and warrants of Styleclick.com	37,989
Transaction costs	2,144
Total acquisition costs	$ 211,914

The fair value of Styleclick.com was based on the fair value of $15.78 per share times 7.7 million shares outstanding. Fair value of the shares was determined by taking an average of the opening and closing price of Styleclick.com common stock for the period just before and just after the terms of the transaction were agreed to by the Company and Styleclick.com and announced to the public. In conjunction with the transaction, the Company recorded a pre-tax gain of $104.6 million in accordance with Staff Accounting Bulletin No. 51, "Accounting for Sales of Stock by a Subsidiary", based upon the 25% of ISN's net book value exchanged for 75% of Styleclick.com's fair value, determined based upon the fair value of Styleclick.com common stock received in the merger. The Styleclick transaction has been accounted for under the purchase method of accounting. The purchase price has been allocated to the assets acquired and liabilities assumed based on their respective fair values at the date of purchase. The unallocated excess of acquisition costs over net assets acquired of $170.2 million has been allocated to goodwill, which originally was being amortized over 3 years.

In March 2001, Styleclick announced a new company organization designed to advance its offering of scaleable commerce services. The announcement included Styleclick's acquisition of the MVP.com technology platform. Also in March 2001, the Styleclick Board elected two executives of ECS to top management positions at Styleclick, and certain senior executives of Styleclick left the Company. As of December 31, 2000, as a result of the historical and anticipated operating losses of Styleclick, and the continuing evaluation of the operations and technology, Styleclick determined the goodwill recorded in conjunction with the Styleclick Merger was impaired and recorded a write-down of $145.6 million as goodwill amortization in fiscal 2000. In 2001, Styleclick began to focus on e-commerce services and technology while eliminating its online retail business. During this transition, Styleclick continued to incur significant net losses from operations that raise substantial doubt about Styleclick's ability to continue as a going concern. Styleclick is considering its options with respect to the situation. As of December 31, 2001, Styleclick has net liabilities of $2.1 million.

PRC Transaction

On April 5, 2000, USAi acquired PRC in a tax-free merger by issuing approximately 24.3 million shares of USAi common stock for all of the outstanding stock of PRC for a total value of approximately $711.7 million (the "PRC Transaction"). In connection with the acquisition, the Company repaid approximately $32.3 million of outstanding borrowings under PRC's existing revolving credit facility. The PRC Transaction has been accounted for under the purchase method of accounting. The purchase price has been allocated to the assets acquired and liabilities assumed based on their respective fair values at the date of purchase. The unallocated excess of acquisition costs over net assets acquired of $658.0 million has been allocated to goodwill, which is being amortized over 20 years.

As noted above, although it has not completed its assessment, the Company anticipates a write-off of $250 million to $300 million primarily related to the PRC goodwill. Although PRC is expected to generate positive cash flows in the future, due to cash flow discounting techniques to estimate fair value required by the new rules, the future cash flows may not support current carrying values.

October Films/PFE Transaction (Discontinued Operations)

On May 28, 1999, the Company acquired October Films, Inc. ("October Films"), in which Universal owned a majority interest, and the domestic film distribution and development business of Universal previously operated by Polygram Filmed Entertainment, Inc. ("PFE") (the "October Films/PFE Transaction"). In connection with the acquisition of October Films, Inc., as of May 28, 1999, the Company issued 600,000 shares of Common Stock to Universal and paid cash consideration of approximately $12.0 million to October Films shareholders (other than Universal) for total consideration of $23.6 million. To fund the cash consideration portion of the transaction, Universal purchased from USA 600,000 additional shares of Common Stock at $20.00 per share. In addition, the Company assumed $83.2 million of outstanding debt under October Films' credit agreement which was repaid from cash on hand on August 20, 1999.

Also on May 28, 1999, USAi acquired from Universal the domestic film distribution and development business previously operated by PFE and PFE's domestic video and specialty video businesses. In connection with the transaction, USAi agreed to assume certain liabilities related to the PFE businesses acquired. In addition, USA advanced $200.0 million to Universal pursuant to an eight year, full recourse, interest-bearing note in connection with a distribution agreement pursuant to which USAi will distribute, in the U.S. and Canada, certain Polygram theatrical films which were not acquired in the transaction. The advance is repaid as revenues are received under the distribution agreement and, in any event, will be repaid in full at maturity. Through December 31, 2001, approximately $180.1 million had been offset against the advance and $19.4 million of interest had accrued.

The October Films/PFE Transaction has been accounted for under the purchase method of accounting. The purchase price has been allocated to the assets acquired and liabilities assumed based on their respective fair values at the date of purchase. The unallocated excess of acquisition costs over net assets acquired of $184.5 million has been allocated to goodwill, which is being amortized over 20 years.

Hotels.com Transaction

On May 10, 1999, the Company completed its acquisition of substantially all of the assets and the assumption of substantially all of the liabilities of two entities which operate Hotels.com, a leading consolidator of hotel rooms for resale in the consumer market in the United States (the "Hotels.com Transaction"). The assets acquired and liabilities assumed comprise Hotels.com. ("Hotels"). The total purchase price was $405.8 million, resulting in goodwill of approximately $406.3 million which is being amortized over a ten year life.

On March 1, 2000, Hotels completed an initial public offering for approximately 6.2 million shares of its class A common stock, resulting in net cash proceeds of approximately $90.0 million. At the completion of the offering, USA owned approximately 70.6% of the outstanding shares of Hotels. USA recorded a gain related to the initial public offering of approximately $3.7 million in the year ended December 31, 2000 in accordance with Staff Accounting Bulletin No. 51, "Accounting for Sales of Stock by a Subsidiary."

Business Acquisition Pro Forma Results

The following unaudited pro forma condensed consolidated financial information for the years ended December 31, 2001 and 2000, is presented to show the results of the Company, as if the Styleclick Transaction and the PRC Transaction, as well as the merger of Ticketmaster and Ticketmaster Online Citysearch had occurred at the beginning of the periods presented. The pro forma results include certain adjustments, including increased amortization related to goodwill and other intangibles and an increase in interest expense, and are not necessarily indicative of what the results would have been had the transactions actually occurred on the aforementioned dates. Note that the amounts exclude USAB and USA Entertainment, which are presented as discontinued operations (see Note 21).

	Years Ended December 31,	
	2001	2000
	(In Thousands, Except Per Share Data)	
Net revenues	$ 3,468,860	$ 3,036,150
Loss from continuing operations	(188,335)	(214,980)
Basic and diluted loss per common share, continuing operations	$ (.50)	$ (.59)

The following unaudited pro forma condensed consolidated financial information for the year ended December 31, 1999, is presented to show the results of the Company as if the Styleclick Transaction, the PRC Transaction and the Hotels Transaction had occurred at the beginning of the period presented. The pro forma results include certain adjustments, including increased amortization related to goodwill and other intangibles and changes in film costs amortization, and are not necessarily indicative of what the results would have been had the transactions actually occurred on the

aforementioned dates. Note that the amounts exclude USAB and USA Entertainment, which are presented as discontinued operations (see Note 21).

	Year Ended December 31, 1999
	(In Thousands, Except Per Share Data)
Net revenues	$ 2,260,903
Loss from continuing operations	(99,570)
Basic and diluted loss per common share, continuing operations	$ (.28)

NOTE 4—INTANGIBLE ASSETS

Intangible assets are amortized using the straight-line method and include the following**:**

	December 31,	
	2001	2000
	(In Thousands)	
Intangible Assets, net:		
Goodwill	$ 3,075,831	$ 3,089,182
Other	218,651	280,666
	$ 3,294,482	$ 3,369,848

NOTE 5—LONG-TERM OBLIGATIONS

	December 31,	
	2001	2000
	(In Thousands)	
Unsecured Senior Credit Facility ("New Facility"); with a $40,000,000 sub-limit for letters of credit, entered into February 12, 1998, which matures on December 31, 2002. At the Company's option, the interest rate on borrowings is tied to the London Interbank Offered Rate ("LIBOR") or the Alternate Base Rate ("ABR"), plus an applicable margin. Interest rate at December 31, 2001 was 2.9%	$ —	$ —
$500,000,000 6 3/4% Senior Notes (the "Senior Notes") due November 15, 2005; interest payable May 15 and November 15 commencing May 15, 1999. Interest rate at December 31, 2001 was 6.75%	498,515	498,213
Unsecured $37,782,000 7% Convertible Subordinated Debentures ("Savoy Debentures") due July 1, 2003 convertible into USAi Common Stock at a conversion price of $33.22 per share	36,118	35,163
Other long-term obligations maturing through 2007	43,258	43,138
Total long-term obligations	577,891	576,514
Less current maturities	(33,519)	(24,748)
Long-term obligations, net of current maturities	$ 544,372	$ 551,766

On February 12, 1998, USA and USANi LLC, as borrower, entered into a $1.6 billion credit facility. The credit facility was used to finance the acquisition on February 12, 1998 of USA Networks and the domestic television production and distribution businesses of Universal Studios from Universal and to refinance USA's then-existing $275.0 million revolving credit facility. The credit facility consists of (1) a $600.0 million revolving credit facility with a $40.0 million sub-limit for letters of credit, (2) a $750.0 million Tranche A Term Loan and, (3) a $250.0 million Tranche B Term Loan. The Tranche A Term Loan and the Tranche B Term Loan have been permanently repaid as described below.

The existing credit facility is guaranteed by certain of USA's subsidiaries. The interest rate on borrowings under the existing credit facility is tied to an alternate base rate or the London InterBank Rate, in each case, plus an applicable margin, and $595.4 million was available for borrowing as of December 31, 2001 after taking into account outstanding letters of credit. The credit facility includes covenants requiring, among other things, maintenance of specific operating and financial ratios and places restrictions on payment of certain dividends, incurrence of indebtedness and investments. The Company pays a commitment fee of .1875% on the unused portion of the credit facility. Subsequent to the closing of the VUE transaction, the existing credit facility has expired. See Note 21 for further discussion of the VUE transaction.

The Savoy Debentures are redeemable at the option of the Company at varying percentages of the principal amount each year, ranging from 105.25% to 100.75%, plus applicable interest. In connection with the Savoy Merger, USA became a joint and several obligor with respect to the Savoy Debentures.

Aggregate contractual maturities of long-term obligations are as follows:

Years Ending December 31,	(In Thousands)
2002	$ 33,519
2003	37,350
2004	1,073
2005	493,590
2006	921
Thereafter	11,438
	$ 577,891

NOTE 6—INCOME TAXES

A reconciliation of total income tax expense to the amounts computed by applying the statutory federal income tax rate to earnings from continuing operations before income taxes and minority interest is shown as follows:

	Years Ended December 31,		
	2001	2000	1999
	(In Thousands)		
Income tax benefit at the federal statutory rate of 35%	$ (100,610)	$ (107,833)	$ (28,982)
Amortization of goodwill and other intangibles	23,087	52,554	11,685
Foreign losses not consolidated into group	2,741	527	24,533
State income taxes, net of effect of federal tax benefit	(175)	3,771	3,283
Impact of minority interest	8,144	49,430	15,983
Domestic losses not consolidated into group	59,780	33,429	—
Other, net	9,483	11,972	2,056
Income tax expense	$ 2,450	$ 43,850	$ 28,558

The components of income tax expense are as follows:

	Years Ended December 31,		
	2001	2000	1999
	(In Thousands)		
Current income tax (benefit) expense:			
Federal	$ (10,106)	$ 10,684	$ 9,935
State	(2,007)	2,256	5,476
Foreign	2,310	9,553	2,257
Current income tax (benefit) expense	(9,803)	22,493	17,668
Deferred income tax expense:			
Federal	8,750	17,811	10,983
State	2,519	3,546	(426)
Foreign	984	—	333
Deferred income tax expense	12,253	21,357	10,890

Total income tax expense	$ 2,450	$ 43,850	$ 28,558

The tax effects of cumulative temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2001 and 2000 are presented below. The valuation allowance represents items for which it is more likely than not that the tax benefit will not be realized.

	December 31,	
	2001	2000
	(In Thousands)	
Current deferred tax assets (liabilities):		
Inventory costing	$ 6,875	$ 9,363
Provision for accrued expenses	13,827	11,268
Investments in affiliates	—	3,932
Deferred revenue	(3,743)	(3,437)
Other	22,987	11,716
Net current deferred tax assets	39,946	32,842
Non-current deferred tax assets (liabilities):		
Broadcast and cable fee contracts	1,693	1,693
Depreciation for tax in excess of financial statements	(6,248)	(11,946)
Amortization of tax deductible goodwill	16,485	14,221
Investment in subsidiaries	27,165	15,866
Gain on sale of subsidiary stock	(46,415)	(46,415)
Gain on sale of Broadcasting	(168,586)	—
Net federal operating loss carryforward	97,785	10,522
Deferred revenue	(157)	—
Warrant Amortization	(10,835)	—
Other	(22,806)	(12,607)
Total non-current deferred tax liabilities	(111,919)	(28,666)
Less valuation allowance	(98,265)	(14,117)
Net non-current deferred tax liabilities	(210,184)	(42,783)
Total deferred tax liabilities	$ (170,238)	$ (9,941)

The Company recognized income tax deductions related to the issuance of common stock pursuant to the exercise of stock options for which no compensation expense was recorded for accounting purposes. The related income tax benefits of $38.4 million, $27.0 million, and $42.4 million for the years ended December 31, 2001, 2000 and 1999, respectively, were recorded as increases to additional paid-in capital.

At December 31, 2001 and 2000, the Company has net operating loss carryforwards ("NOL") for federal income tax purposes of $275.7 and $139.5 million, respectively, which are available to offset future federal taxable income, if any, through 2020. Such NOL's were acquired through acquisitions or are losses of consolidated subsidiaries in separate tax groups, which are subject to certain tax loss limitations. Accordingly, the Company has established a valuation allowance for these losses that are substantially limited. Amounts recognized, if any, of these tax benefits in future periods will be applied as a reduction of goodwill associated with the acquisition. The Company has Federal income tax returns under examination by the Internal Revenue Service. The Company has received proposed adjustments related to certain examinations. Management believes that the resolution of the proposed adjustments will not have a material adverse effect on the Company's consolidated financial statements.

NOTE 7—COMMITMENTS AND CONTINGENCIES

The Company leases satellite transponders, computers, warehouse and office space, equipment and services used in connection with its operations under various operating leases and contracts, many of which contain escalation clauses.

Future minimum payments under non-cancelable agreements are as follows:

Years Ending December 31,	(In Thousands)
2002	$ 50,912
2003	26,943
2004	23,577
2005	16,086

2006	12,825
Thereafter	95,515
	$ 225,858

Expenses charged to operations under these agreements were $77.9 million, $65.0 million and $47.0 million for the years ended December 31, 2001, 2000 and 1999, respectively.

Hotels has non-cancelable commitments for hotel rooms totaling $23.1 million, which relate to the period January 1, 2002 to December 31, 2002. Hotels also has, as of December 31, 2001, $6.7 million of outstanding letters of credit that expire between March 2002 and March 2003. The outstanding letters of credit are collateralized by $7.6 million of restricted cash equivalents at December 31, 2001.

The Company is required to provide funding, from time to time, for the operations of its investments in joint ventures accounted for under the equity method. To date, HSN has funded $125.3 million to Hot Networks, a company operating electronic retailing operations in Europe in which the Company holds an equity stake. See Note 19 for further discussion.

NOTE 8—INVENTORIES

	December 31,	
	2001	2000
	(In Thousands)	
Sales merchandise, net	$ 195,991	$ 226,294
Other	1,363	1,626
Total	$ 197,354	$ 227,920

NOTE 9—STOCKHOLDERS' EQUITY

On January 20, 2000, the Board of Directors declared a two-for-one stock split of USA's common stock and Class B common stock, payable in the form of a dividend to stockholders of record as of the close of business on February 10, 2000. The 100% stock dividend was paid on February 24, 2000. All share data give effect to such stock split, applied retroactively as if the split occurred on January 1, 1999.

Description of Common Stock and Class B Convertible Common Stock

Holders of USA Common Stock have the right to elect 25% of the entire Board of Directors, rounded upward to the nearest whole number of directors. As to the election of the remaining directors, the holders of USA Class B Common Stock are entitled to 10 votes for each USA Class B Common Stock share, and the holders of the USA Common Stock are entitled to one vote per share. There are no cumulative voting rights.

The holders of both classes of the Company's common stock are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors out of funds legally available for the payment of dividends. The Company's existing credit facility places restrictions on payment of certain dividends. In the event of the liquidation, dissolution or winding up of the Company, the holders of both classes of common stock are entitled to share ratably in all assets of the Company remaining after provision for payment of liabilities. USA Class B Common Stock is convertible at the option of the holder into USA Common Stock on a share-for-share basis. Upon conversion, the USA Class B Common Stock will be retired and not subject to reissue.

Note Receivable from Key Executive for Common Stock Issuance

In connection with Mr. Diller's employment in August 1995, the Company agreed to sell Mr. Diller 1,767,952 shares of USA Common Stock ("Diller Shares") at $5.6565 per share for cash and a non-recourse promissory note in the amount of $5.0 million, secured by approximately 1,060,000 shares of USA Common Stock. The promissory note is due on the earlier of (i) the termination of Mr. Diller's employment, or (ii) September 5, 2007.

Stockholders' Agreement

Mr. Diller, Chairman of the Board and Chief Executive Officer of the Company, through BDTV, INC., BDTV II, INC., BDTV III, INC., BDTV IV, INC., his own holdings and pursuant to the Stockholders Agreement with Universal, Liberty, the Company and Vivendi (the "Stockholders Agreement"), has the right to vote approximately 14.4% (45,291,540 shares) of USA's outstanding common stock, and 100% (63,033,452 shares) of USA's outstanding Class B Common Stock. Each share of Class B Common Stock is entitled to ten votes per share with respect to matters on which Common and Class B stockholders vote as a single class. As a result, Mr. Diller controls 71.5% of the outstanding total voting power of the Company. Mr. Diller, subject to the Stockholders Agreement, is effectively able to control the outcome of nearly all matters submitted to a vote of the Company's stockholders. Liberty HSN holds substantially all of the economic interest in, and Mr. Diller holds all of the voting power in, the shares of USAi stock held by the BDTV entities listed above.

Reserved Common Shares

In connection with option plans, convertible debt securities, pending acquisitions and other matters 533,792,416 shares of Common Stock were reserved. After the closing of the Expedia and the VUE transactions, 339,940,844 shares of Common Stock will be reserved, which includes 7,079,726 shares of USANi LLC which will be exchanged for USA common shares by Liberty in relation to the VUE transaction, 59,457,479 shares issuable in relation to preferred stock and warrants issued in the Expedia transaction, 60,467,735 shares issuable in relation to warrants to be issued to Vivendi in the pending Vivendi transaction. 320,856,512 of USANi LLC shares that are currently exchangeable into Common Stock reserved will be retired in the Vivendi Transaction.

Stock-Based Warrants

In January 2000, Hotels entered into an exclusive affiliate distribution and marketing agreement and issued a performance warrant upon the completion of the public offering, which, if fully vested, would have permitted the affiliate to acquire 2,447,955 shares of class A common stock at the initial public offering price of $16.00. On March 3, 2001, Hotels restructured the affiliate distribution and marketing agreement whereby the term of the agreement was extended through July 2005 in exchange for waiver of all performance vesting requirements and all exercise restrictions on 60% of the performance warrants (1,468,773 shares) originally issued to such affiliate. The remaining 40% of the performance warrant (979,182 shares) will become vested based upon achieving certain performance targets during the term of the agreement. As a result of the restructured agreement, Hotels deferred additional warrant cost of $26.3 million related to the 1,468,773 shares. Hotels amortized $5.0 million of such costs during the twelve months ended December 31, 2001. The remainder will be amortized over the amended term of the agreement. During the years 2001 and 2000, 15.6% and 9.1%, respectively, of the Hotels's sales originitated from customers of the affiliate. Hotels expects the proportion of sales generated through the affiliate to stabilize or decline during the remaining term of the agreement.

The fair value of the warrants (979,182 shares) with performance features will be measured quarterly, and will be charged to expense as non-cash distribution and marketing expense as they are earned. For the twelve months ended December 31, 2001, Hotels recorded an expense of approximately $6.4 million related to the performance warrants earned.

Additionally, in November 2000 and March 2001, Hotels entered into additional affiliate distribution and marketing agreements and agreed to issue warrants based upon the affiliates achieving certain performance targets. If the targets are met in full, Hotels will be required to issue warrants to acquire an aggregate of 2.8 million shares of class A common stock at an average price calculated at the end of each performance measurement period. No warrants were required to be issued under these agreements during the years ending December 31, 2001 and 2000.

In February 2000, Hotels entered into other exclusive affiliate distribution and marketing agreements and issued 1,428,365 warrants to purchase class A common stock at the initial public offering price of $16.00. Additionally, in November 2000, Hotels entered into another affiliate distribution and marketing agreement and issued 95,358 warrants to purchase class A common stock at an exercise price of $31.46. These 1,523,723 warrants are non-forfeitable, fully vested and exercisable and are not subject to any performance targets. Hotels has deferred the cost of $17.7 million for these warrants, and is amortizing the cost over the term of the affiliate agreements, which range from two to five years. During the twelve months ended December 31, 2001 and 2000, Hotels amortized $5.0 million and $4.3 million of the warrant costs, respectively.

Expedia Transaction (Subsequent Event—Unaudited)

As noted in Footnote 1, on February 4, 2002 the Company completed its acquisition of a controlling interest in Expedia. In the merger, USA issued to former holders of Expedia common stock who elected to receive USA securities an aggregate of 20.6 million shares of USA common stock, 13.1 million shares of $50 face value 1.99% cumulative convertible preferred stock of USA and warrants to acquire 14.6 million shares of USA common stock at an exercise price of $35.10. The holders of the USA Series A Cumulative Convertible Preferred Stock are entitled to 2 votes for each share of USA Series A Cumulative Convertible Preferred Stock held on all matters presented to such

shareholders. Each share of USA Series A Cumulative Convertible Preferred Stock is convertible, at the option of the holder at any time, into that number of shares of USA common stock equal to the quotient obtained by dividing $50 by the conversion price per share of USA common stock. The initial conversion price is equal to $33.75 per share of USA common stock. The conversion price will be adjusted downward if the share price of USA common stock exceeds $35.10 at the time of conversion. Each USA warrant gives the holder the right to acquire one share of USA common stock at an exercise price of $35.10 through February 4, 2009. The USA cumulative preferred stock trades on OTC under the symbol "USAIP" and the USA warrants trade on Nasdaq under the symbol "USAIW."

Vivendi Transaction (Subsequent Event—Unaudited)

As noted in Footnote 1, on May 7, 2002, the Company completed the VUE transaction pursuant to which USA contributed USA's Entertainment Group to a joint venture with Vivendi, which joint venture also holds the film, television and theme park businesses of Universal. In relation to the transaction, USA issued shares of common stock and warrants to acquire shares of USA common stock, and USA canceled shares of USANi LLC that were exchangeable into shares of USA common stock. Pro forma for the VUE transaction and after giving effect to the exchange of all of Liberty's Holdco shares, Liberty, through companies owned by Liberty and Mr. Diller, owns approximately 10.2% of USA's outstanding common stock and 79.3% of USA's outstanding Class B common stock, Vivendi (through subsidiaries), would own approximately 11.4% of USA's outstanding common stock and 20.7% of USA's outstanding Class B common stock and the public shareholders, including Mr. Diller and other USA officers and directors, will own approximately 78.4% of USA's common stock. Vivendi's ownership, however, is in the form of 43.2 million shares of USA common stock and 13.4 million shares of Class B common stock (for a total of 56.6 million USA shares), which number of shares are required to be held by Vivendi in connection with its obligations related to the Class B preferred interest in VUE. The preferred is to be settled by Universal at its then face value with a maximum of approximately 56.6 million USA common shares, provided that Universal may substitute cash in lieu of shares of USA common stock (but not USA Class B common stock), at its election. If USA's share price exceeds $40.82 per share at the time of settlement, fewer than 56.6 million shares would be cancelled.

Pro forma for the VUE transaction and after giving effect to the exchange of all of Liberty's Holdco shares, Mr. Diller controls 69.6% of the outstanding total voting power of USA. Upon the closing of the VUE transaction, Vivendi's limited veto rights have been eliminated and Liberty's veto rights have been limited to fundamental changes in the event USA's total debt ratio (as defined in the Amended and Restated Governance Agreement, among USA, Vivendi, Universal, Liberty and Mr. Diller, to become effective at the closing of the Vivendi transaction) equals or exceeds 4:1 over a twelve-month period.

Also in connection with the transaction, Liberty exchanged 7,079,726 shares of USANi LLC for shares of USA common stock, and subsequently transferred to Universal 25,000,000 shares of USA common stock, its remaining 38,694,982 shares of USANi LLC, as well as the assets and liabilities of Liberty Programming France (which consist primarily of 4,921,250 shares of multiThematiques S.A., a French entity), in exchange for 37,386,436 Vivendi ordinary shares.

In addition, USA issued to Universal ten-year warrants to acquire shares of USA common stock as follows: 24,187,094 shares at $27.50 per share; 24,187,094 shares at $32.50 per share; and 12,093,547 shares at $37.50 per share.

NOTE 10—LITIGATION

In the ordinary course of business, the Company is engaged in various lawsuits, including a certain class action lawsuit initiated in connection with the Vivendi Transaction. In the opinion of management, the ultimate outcome of the various lawsuits should not have a material impact on the liquidity, results of operations or financial condition of the Company.

NOTE 11—BENEFIT PLANS

The Company offers various plans pursuant to Section 401(k) of the Internal Revenue Code covering substantially all full-time employees who are not party to collective bargaining agreements. The Company's share of the Match.com employer contributions is set at the discretion of the Board of Directors or the applicable committee thereof.

NOTE 12—STOCK OPTION PLANS

The following describes the stock option plans. Share numbers, prices and earnings per share reflect the Company's two-for-one stock split which became effective for holders of record as of the close of business on February 10, 2000.

The Company has outstanding options to employees of the Company under several plans (the "Plans") which provide for the grant of options to purchase the Company's common stock at not less than fair market value on the date of the grant. The options under the Plans vest ratably, generally over a range of three to five years from the date of grant and generally expire not more than 10 years from the date of grant. Five of the Plans have options available for future grants.

The Company also has outstanding options to outside directors under one plan (the "Directors Plan") which provides for the grant of options to purchase the Company's common stock at not less than fair market value on the date of the grant. The options under the Directors Plan vest ratably, generally over three years from the date of grant and expire not more than 10 years from the date of grant. A summary of changes in outstanding options under the stock option plans following the Company's two-for-one stock split, is as follows:

	December 31,					
	2001		2000		1999	
	Shares	Price Range($)	Shares	Price Range($)	Shares	Price Range($)
	(Shares in Thousands)					
Outstanding at beginning of period	88,755	1-28	75,955	1-37	78,428	1-37
Granted or issued in connection with mergers	7,503	19-28	19,526	4-28	10,007	16-28
Exercised	(9,116)	1-28	(4,277)	1-20	(11,155)	1-13
Cancelled	(2,716)	3-28	(2,449)	6-37	(1,325)	6-18
Outstanding at end of period	84,426	1-28	88,755	1-28	75,955	1-37
Options exercisable	63,023	1-37	56,968	1-28	47,987	1-37
Available for grant	10,379		33,628		27,225	

The weighted average exercise prices during the year ended December 31, 2001, were $23.02, $8.88 and $20.47 for options granted, exercised and cancelled, respectively. The weighted average fair value of options granted during the year was $9.69.

The weighted average exercise prices during the year ended December 31, 2000, were $21.05, $7.92 and $19.93 for options granted, options exercised and options cancelled, respectively. The weighted average fair value of options granted during the year was $8.10.

The weighted average exercise prices during the year ended December 31, 1999, were $23.77, $6.05 and $11.56 for options granted, exercised and cancelled, respectively. The weighted average fair value of options granted during the year was $9.52.

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Outstanding at December 31, 2001	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Exercisable at December 31, 2000	Weighted Average Exercise Price
	(Options In Thousands)				
$ 0.01 to $ 5.00	18,418	3.9	$ 4.72	18,224	$ 4.72
$ 5.01 to $10.00	32,301	5.0	8.30	32,137	8.31

$10.01 to $15.00	4,959	6.5	12.43	3,470	12.40
$15.01 to $20.00	9,613	7.2	18.76	4,151	18.75
$20.01 to $25.00	14,348	8.4	22.75	2,947	22.42
$25.01 to $27.91	4,787	8.1	27.67	2,094	27.86
	84,426	5.7	12.51	63,023	9.49

Pro forma information regarding net income and earnings per share is required by SFAS 123. The information is determined as if the Company had accounted for its employee stock options granted subsequent to December 31, 1994 under the fair market value method. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 2001, 2000 and 1999: risk-free interest rates of 5.0%; a dividend yield of zero; a volatility factor of .72, .62, and .44, respectively, based on the expected market price of USAi Common Stock based on historical trends; and a weighted-average expected life of the options of five years.

The Black-Scholes option valuation model was developed for use in estimating the fair market value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair market value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information follows:

	Years Ended December 31,		
	2001	2000	1999
	(In Thousands, Except Per Share Data)		
Pro forma net income (loss)	$ 303,277	$ (209,183)	$ (68,858)
Pro forma basic earnings (loss)	$ 0.81	$ (0.58)	$ (.21)
Pro forma diluted earnings (loss)	$ 0.81	$ (0.58)	$ (.21)

These pro forma amounts may not be representative of future disclosures since the estimated fair value of stock options is amortized to expense over the vesting period and additional options may be granted in future years.

Employees of the Entertainment group had 4.6 million unvested options as of the close, May 7, 2002. The options have been terminated in accordance with their terms. There were 1.6 million vested options remaining with the Company that are exercisable. Options that are not exercised within ninety days/three months, as applicable, after May 7, 2002 will terminate in accordance with their terms.

NOTE 13—STATEMENTS OF CASH FLOWS

Supplemental Disclosure of Non-Cash Transactions for the year ended December 31, 2001:

For the year ended December 31, 2001, interest accrued on the $200.0 million advance to Universal amounted to $3.9 million.

For the twelve months ended December 31, 2001, the Company incurred non-cash distribution and marketing expense of $26.4 million and non-cash compensation expense of $7.8 million.

In 2001 the Company realized pre-tax losses of $30.7 million on equity losses in unconsolidated subsidiaries, resulting primarily from HOT Networks, which operates electronic retailing operations in Europe. In 2001 the Company realized pre-tax losses of $18.7 million related to the write-off of equity investments to fair value. The write-off in equity investments was based upon management's estimate of the current value of the investments, considering the current business environment, financing opportunities of the investees, anticipated business plans and other factors. Note that the majority of investments were in Internet related companies.

Supplemental Disclosure of Non-Cash Transactions for the year ended December 31, 2000:

As of January 1, 2000, the Company presents the operations of HOT Germany, an electronic retailer operating principally in Germany, on a consolidated basis, whereas its investment in HOT Germany was previously accounted for under the equity method of accounting.

On January 20, 2000, the Company completed its acquisition of Ingenious Designs, Inc. ("IDI"), by issuing approximately 190,000 shares of USA common stock for all the outstanding stock of IDI, for a total value of approximately $5.0 million.

On January 31, 2000, TMCS completed its acquisition of 2b Technology, Inc. ("2b"), by issuing approximately 458,005 shares of TMCS Class B Common Stock for all the outstanding stock of 2b, for a total value of approximately $17.1 million.

On April 5, 2000, USA completed its acquisition of PRC by issuing approximately 24.3 million shares of USAi common stock for all of the outstanding stock of PRC, for a total value of approximately $711.7 million.

On May 26, 2000, TMCS completed its acquisition of Ticketweb, Inc. ("Ticketweb"), by issuing approximately 1.8 million shares of TMCS Class B Common Stock for all the outstanding stock of Ticketweb, for a total value of approximately $35.3 million.

For the year ended December 31, 2000, interest accrued on the $200.0 million advance to Universal amounted to $8.7 million.

For the year ended December 31, 2000, the Company recorded a pre-tax gain of $104.6 million related to the Styleclick transaction, and $3.7 million related to the Hotels IPO (see Note 3).

For the year ended December 31, 2000, the Company incurred non-cash distribution and marketing expense of $11.7 million and non-cash compensation expense of $12.7 million, including $3.8 million related to an agreement with an executive.

In 2000 the Company realized pre-tax losses of $7.9 million on equity losses in unconsolidated subsidiaries resulting primarily from HOT Networks, which operates electronic retailing operations in Europe. In 2000 the Company also realized pre-tax losses of $46.1 million related to the write-off of equity investments to fair value. The write-off in equity investments was based upon management's estimate of the current value of the investments, considering the current business environment, financing opportunities of the investees, anticipated business plans and other factors. Note that the majority of investments were in Internet related companies.

Supplemental Disclosure of Non-Cash Transactions for the year ended December 31, 1999:

On March 29, 1999, TMCS completed its acquisition of City Auction, Inc. ("City Auction"), a person-to-person online auction community, by issuing approximately 800,000 shares of TMCS Class B Common Stock for all the outstanding stock of City Auction, for a total value of $27.2 million.

On June 14, 1999, TMCS completed the acquisition of Match.com., Inc ("Match.com."), an Internet personals company. In connection with the acquisition, TMCS issued approximately 1.9 million shares of TMCS Class B Common Stock to the former owners of Match.com. representing a total purchase price of approximately $43.3 million.

On September 13, 1999, TMCS purchased all the outstanding limited liability company units ("Units") of Web Media Ventures, L.L.C., an Internet personals company distributing its services through a network of affiliated Internet sites. In connection with the acquisition, TMCS issued 1.2 million shares of TMCS Class B Common Stock in exchange for all of the Web Media Units. In addition, TMCS is obligated to issue additional contingent shares related to certain revenue targets. The total purchase price recorded at September 13, 1999, without considering the contingent shares, was $36.6 million.

On September 18, 1999, TMCS acquired certain assets associated with the entertainment city guide portion of the Sidewalk.com web site ("Sidewalk") from Microsoft Corporation ("Microsoft"). The Company also entered into a four year distribution agreement with Microsoft pursuant to which the Company became the exclusive provider of local city guide content on the Microsoft Network ("MSN") and the Company's internet personals Web sites became the premier provider of personals content to

MSN. In addition, the Company and Microsoft entered into additional cross-promotional arrangements. TMCS issued Microsoft 7.0 million shares of TMCS Class B Common Stock. The fair value of the consideration provided in exchange for the Sidewalk assets and distribution agreement amounted to $338.0 million.

For the period May 28 to December 31, 1999, interest accrued on the $200.0 million advance to Universal amounted to $6.7 million.

In 1999, the Company acquired post-production and other equipment through capital leases totaling $2.5 million.

In 1999, TMCS issued shares with a value of $10.5 million in exchange for an equity investment.

In 1999, the Company leased an airplane which was accounted for as a capital lease in the amount of $20.8 million.

For the year ended December 31, 1999, the Company incurred non-cash compensation expense of $6.4 million.

DISCONTINUED OPERATIONS

On May 28, 1999, in connection with the October Films/PFE Transaction, the Company issued 600,000 shares of Common Stock, with a value of approximately $12.0 million.

Supplemental Disclosure of Cash Flow Information:

	Years Ended December 31,		
	2001	2000	1999
	(In Thousands)		
Cash paid during the period for:			
Interest	$ 39,285	$ 38,946	$ 51,368
Income tax payments	23,584	16,663	22,323
Income tax refund	1,053	1,662	632

NOTE 14—RELATED PARTY TRANSACTIONS

As of December 31, 2001, the Company was involved in several agreements with related parties as follows:

CONTINUING OPERATIONS

The Company has a secured, non-recourse note receivable of $5.0 million from its Chairman and Chief Executive Officer. See Note 9.

Under the USANi LLC Operating Agreement, USANi LLC is obligated to make a distribution to each of the LLC members in an amount equal to each member's share of USANi LLC's taxable income at a specified tax rate. The estimated amount for 2001 is $153.5 million and is expected to be paid on February 28, 2002. In March 2000, the Company made a mandatory tax distribution payment to

Universal and Liberty in the amount of $68.1 million related to the year ended December 31, 1999. The amount for the year ended December 31, 1998 was $28.8 million and it was paid in March 1999.

DISCONTINUED OPERATIONS

Universal provides certain support services to the Company under a Transition Services agreement entered into in connection with the Universal Transaction. For these services, which include use of pre-production, production and post-production facilities, information technology services, physical distribution, contract administration, legal services and office space, Universal charged the Company $7.1 million, $8.2 million and $12.5 million for the years ended December 31, 2001, 2000 and 1999, respectively, of which $5.7 million, $4.7 million and $8.0 million was capitalized to production costs, respectively.

Universal and the Company entered into an International Television Distribution Agreement under which the Company pays to Universal a distribution fee of 10% on all programming owned or controlled by the Company distributed outside of the United States. For the years ended December 31, 2001, 2000 and 1999, the fee totaled $13.6 million, $14.0 million and $9.0 million, respectively.

In addition, the Company and Universal entered into a Domestic Television Distribution Agreement under which the Company distributes in the United States certain of Universal's television programming. For the years ended December 31, 2001, 2000 and 1999, Universal paid the Company $4.1 million, $1.5 million and $1.5 million, respectively.

Pursuant to the October Films/PFE Transaction, the company entered into a series of agreements on behalf of its filmed entertainment division ("Films") with entities owned by Universal, to provide distribution services, video fulfillment and other interim and transitional services. These agreements are described below.

Under a distribution agreement covering approximately fifty films owned by Universal, Films earns a distribution fee and remits the balance of revenues to a Universal entity. For the twelve month periods ending December 31, 2001 and 2000, Films earned distribution fees of approximately $5.7 million and $10.7 million, respectively, from the distribution of these films. Films is responsible for collecting the full amount of the sale and remitting the net amount after its fee to Universal, except for amounts applied against the Universal Advance (see Note 3).

In addition, Films acquired home video distribution rights to a number of "specialty video" properties. Universal holds a profit participation in certain of these titles. No amounts were earned by Universal under this agreement to date.

Films is party to a "Videogram Fulfillment Agreement" with a Universal entity pursuant to which such entity provides certain fulfillment services for the United States and Canadian home video markets. In the period ending December 31, 2001 and 2000, Films incurred fees to Universal of approximately $5.6 million and $3.5 million, respectively, for such services.

Films has entered into other agreements with Universal pursuant to which Universal administers certain music publishing rights controlled by Films and has licensed to Universal certain foreign territorial distribution rights in specified films from which it received $0.0 million and $5.8 million in revenue during the period ending December 31, 2001 and 2000, respectively.

In connection with the settlement of its interest in an international joint venture, the Company received $24.0 million from Universal during 2001.

NOTE 15—QUARTERLY RESULTS (UNAUDITED)

	Quarter Ended December 31,	Quarter Ended September 30,	Quarter Ended June 30,	Quarter Ended March 31,
	(In Thousands, Except Per Share Data)			
Year Ended December 31, 2001				
Net revenues	$ 948,506	$ 837,839	$ 861,853	$ 820,662
Operating loss	(35,276)	(79,930)	(47,689)	(53,528)
Loss from continuing operations(a)	(46,440)	(62,876)	(33,860)	(43,623)
Earnings (loss) before cumulative effect of accounting change(a)(b)	(56,948)	427,575	39,551	(17,383)
Net earnings (loss)(a)(b)(c)(g)(i)	(56,948)	427,575	39,551	(26,570)
Loss per Share—Continuing Operations				
Basic and diluted loss per common share(d)	(.12)	(.17)	(.09)	(.12)
Earnings (loss) per Share—Before Cumulative Effect of Accounting Change				
Basic earnings (loss) per common share(d)	(.15)	1.14	.11	(.05)
Diluted net earnings (loss) per common share(d)	(.15)	1.14	.11	(.05)
Net earnings (loss) per Share				

Basic net earnings (loss) per common share(d)	(.15)	1.14	.11	(.07)
Diluted net earnings (loss) per common share(d)	(.15)	1.14	.11	(.07)
Year Ended December 31, 2000				
Net revenues	$ 863,076	$ 750,611	$ 719,226	$ 631,699
Operating loss	(218,965)	(57,452)	(46,721)	(26,609)
Loss from continuing operations(e)(f)	(83,513)	(26,001)	(35,200)	(27,684)
Net loss(e)(f)(g)(i)	(80,285)	(21,063)	(27,738)	(18,897)
Loss per Share—Continuing Operations				
Basic and diluted loss per common share(d)(h)	(.23)	(.07)	(.10)	(.08)
Net loss per Share				
Basic and diluted net loss per common share(d)(h)	(.22)	(.06)	(.08)	(.06)

(a) The Company recorded losses of $11.6 million, $6.7 million and $0.4 million during the fourth, third and second quarters of 2001, respectively, related to the write-down of equity investments to fair value. The Company recorded losses of $15.6 million and $30.5 million during the fourth and third quarters of 2000, respectively, related to the write-down of equity investments to fair value.

(b) During the third and second quarters of 2001, the Company recorded pre-tax gains of $468.0 million and $49.8 million, respectively, related to the sale of the USAB stations.

(c) During the first quarter of 2001, the Company adopted Statement of Position 00-2, "Accounting By Producers or Distributors of Films." The Company recorded expense of $9.2 million related to the cumulative effect of adoption.

(d) Per common share amounts for the quarters may not add to the annual amount because of differences in the average common shares outstanding during each period.

(e) The quarterly results include the operations of Styleclick.com since its acquisition on July 27, 2000, and PRC since its acquisition on April 5, 2000. During the third quarter of 2000, the Company recorded a pre-tax gain of $104.6 million related to the Styleclick Transaction. During the fourth quarter of 2000, the Company recorded a pre-tax charge of $145.6 million related to the impairment of Styleclick goodwill.

(f) During the first quarter of 2000, the Company recorded a pre-tax gain of $3.7 million related to the initial public offering of Hotels.

(g) USAB is presented as a discontinued operation for 2000. For the fourth, third, second and first quarters of 2000, the after tax results of USAB were losses of $18.0 million, $14.4 million, $15.2 million and $11.8 million, respectively.

(h) Earnings (loss) per common share data and shares outstanding retroactively reflect the impact of the two-for-one stock split of USA's common stock and Class B common stock paid on February 24, 2000. All share numbers give effect to such stock split.

(i) USA Entertainment is presented as a discontinued operation for all years presented. For the fourth, third, second and first quarters of 2001, the after tax results of USA Entertainment were $(10.5) million, $22.4 million, $23.6 million and $17.1 million (net of cumulative effect of an accounting change of $(9.2) million), respectively. For the fourth, third, second and first quarters of 2000, the after tax results of USA Entertainment were $21.2 million, $19.3 million, $22.7 million and $20.5 million, respectively.

NOTE 16—INDUSTRY SEGMENTS

The Company operates principally in the following industry segments: Home Shopping Network (including HSN International and HSN.com); Ticketmaster (Nasdaq: TMCS), which operates Ticketmaster, Ticketmaster.com, Citysearch and Match.com; Hotels (Nasdaq: ROOM); Electronic Commerce Solutions; Styleclick (OTC: IBUY); and Precision Response Corporation. The USA Entertainment Group is presented as discontinued operations and accordingly are excluded from the schedules below except for Assets, which are included in Corporate & other.

Adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA") is defined as operating profit plus (1) depreciation and amortization, (2) amortization of cable distribution fees of $44.0 million, $36.3 million and $26.7 million in fiscal years 2001, 2000 and 1999, respectively (3) amortization of non-cash distribution and marketing expense and (4) non-recurring charges, including disengagement expenses (described below) of $4.1 million in 2001 and restructuring charges not impacting EBITDA. Adjusted EBITDA is presented here as a tool and as a valuation methodology used by management in evaluating the business. Adjusted EBITDA does not purport to represent cash provided by operating activities. Adjusted EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. Adjusted EBITDA may not be comparable to calculations of similarly titled measures presented by other companies.

NOTE 16—INDUSTRY SEGMENTS (Continued)

The following is a reconciliation of Operating Income to Adjusted EBITDA for 2001, 2000 and 1999.

	Twelve Months Ended December 31,		
	2001	2000	1999
	(In Thousands)		
Operating loss	$ (216,423)	$ (349,746)	$ (48,842)
Depreciation and amortization	425,891	565,742	205,843

Amortization of cable distribution fees	43,975	36,322	26,680
Amortization of non-cash distribution and marketing	26,384	11,665	—
Amortization of non cash compensation expense	7,800	12,740	6,423
Disengagement expenses	4,052	—	—
Restructuring charges not impacting EBITDA	6,248	—	—
Adjusted EBITDA	$ 297,927	$ 276,723	$ 190,104

	Years Ended December 31,		
	2001	2000	1999
	(In Thousands)		
Revenues			
HSN-U.S.(a)	$ 1,658,904	$ 1,533,271	$ 1,332,911
Ticketing	579,679	518,565	442,742
Hotels.com	536,497	327,977	124,113
Precision Response	298,678	212,471	—
Match.com	49,249	29,122	9,000
Citysearch and related	46,108	50,889	27,329
Electronic Commerce Solutions/Styleclick	34,229	46,603	49,202
HSN-International and other(b)	272,569	245,714	8,917
Other	—	—	6,894
Intersegment Elimination	(7,053)	—	—
Total	$ 3,468,860	$ 2,964,612	$ 2,001,108
Operating Profit (Loss)			
HSN-U.S.(a),(c)	$ 103,866	$ 130,442	$ 137,670
Ticketing	25,351	25,453	32,503
Hotels.com	15,811	9,166	5,654
Precision Response	(40,857)	(7,282)	—
Match.com	(3,004)	(12,484)	(7,451)
Citysearch and related	(171,351)	(207,004)	(119,521)
Electronic Commerce Solutions/Styleclick	(73,145)	(240,085)	(51,701)
HSN International and other(b)	(34,907)	4,641	(4,517)
Corporate & other	(46,494)	(52,593)	(41,479)
Intersegment Elimination	8,307	—	—
Total	$ (216,423)	$ (349,746)	$ (48,842)

Adjusted EBITDA			
HSN-U.S.(a)	$ 230,280	$ 236,752	$ 214,893
Ticketing	106,248	99,375	93,432
Hotels.com	81,449	52,641	18,891
Precision Response	26,044	35,165	—
Match.com	16,512	6,241	(400)
Citysearch and related	(44,417)	(66,356)	(60,444)
Electronic Commerce Solutions/Styleclick	(58,364)	(60,227)	(41,652)
HSN International and other(b)	(25,306)	10,740	(4,505)
Corporate & other	(34,519)	(37,608)	(30,111)
Total	$ 297,927	$ 276,723	$ 190,104
Assets			
HSN-U.S.	$ 1,704,335	$ 1,729,266	$ 1,601,470
Ticketing	1,109,661	1,089,965	1,004,277
Hotels.com	643,835	555,613	202,666
Precision Response	850,485	795,531	—
Match.com	83,032	73,293	77,316
Citysearch and related	209,212	364,631	573,632
Electronic Commerce Solutions/Styleclick	33,111	61,025	28,623
HSN International and other	212,549	133,654	37,840
Corporate & other	1,693,630	843,312	1,625,336
Total	$ 6,539,850	$ 5,646,290	$ 5,151,160
Depreciation and amortization of intangibles and cable distribution fees(d)			
HSN-U.S.	$ 122,115	$ 106,059	$ 83,796

Ticketing	80,897	73,922	60,846
Hotels.com	48,662	39,215	13,237
Precision Response	66,901	42,447	—
Match.com	19,516	18,725	7,051
Citysearch and related	106,700	130,207	59,077
Electronic Commerce Solutions/Styleclick	14,589	179,854	3,251
HSN-International and other	9,601	6,099	12
Corporate & other	7,133	5,536	5,253
Total	$ 476,114	$ 602,064	$ 232,523

Capital expenditures			
HSN-U.S.	$ 42,615	$ 34,122	$ 33,412
Ticketing	24,465	23,282	23,789
Hotels.com	16,022	2,859	1,092
Precision Response	25,775	43,505	—
Match.com	3,268	2,485	—
Citysearch and related	5,017	9,262	11,328
Electronic Commerce Solutions/Styleclick	2,292	5,047	13,657
HSN-International and other	6,031	18,105	13,746
Corporate & other	5,051	21,756	4,673
Total	$ 130,536	$ 160,423	$ 101,697

(a) Includes estimated revenue in 2000 generated by homes lost by HSN following the sale of USA Broadcasting to Univision, which is estimated to be $6.2 million. Adjusted EBITDA for these homes is estimated at $0.9 million.

(b) Includes impact of foreign exchange fluctuations, which reduced revenue by $44.0 million and $36.3 million in 2001 and 2000, respectively, if the results are translated from Euros to U.S. dollars at a constant exchange rate, using 1999 as the base year.

(c) 2001 includes $4.1 million of costs incurred related to the disengagement of HSN from USA Broadcasting stations. Amounts primarily related to payments to cable operators and related marketing expenses in the disengaged markets.

(d) Includes $5.8 million of restructuring expense related to fixed asset write-offs.

NOTE 17—FINANCIAL INSTRUMENTS

The additional disclosure below of the estimated fair value of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies when available. The carrying values of all financial instruments approximates their respective fair values.

	December 31, 2001		December 31, 2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In Thousands)			
Cash and cash equivalents	$ 978,377	$ 978,377	$ 244,223	$ 244,223
Long-term investments	64,731	64,731	48,949	48,949
Long-term obligations	(577,891)	(577,891)	(576,514)	(576,514)

NOTE 18—MARKETABLE SECURITIES AND INVESTMENTS HELD FOR SALE

At December 31, 2001, marketable securities available-for-sale were as follows (in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government and agencies	$ 147,106	$ 230	$ (217)	$ 147,119
Non-US government securities and other fixed Term obligations	22,350	—	—	22,350
Corporate debt securities	1,970	25	—	1,995
Total marketable securities	171,426	255	(217)	171,464
Investment held for sale	—	—	—	—
Total	$ 171,426	$ 255	$ (217)	$ 171,464

Income tax expense of $15 were recorded on these securities for the year ended December 31, 2001.

The contractual maturities of debt securities classified as available-for-sale as of December 31, 2001 are as follows (in thousands):

	Amortized Cost	Estimated Fair Values
Due in one year or less	$ 65,922	$ 66,035
Due after one year through two years	7,461	7,398
Due after two through five years	22,977	22,956
Due over five years	75,066	75,075
Total	$ 171,426	$ 171,464

At December 31, 2000, marketable securities available-for-sale were as follows (in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate debt securities	$ 81,066	$ 9	$ (14)	$ 81,061
U.S. Government and agencies	26,928	118	(12)	27,034
Certificate of deposit	10,175	20	—	10,195
Treasury Bill	8,048	14	—	8,062
Total debt securities	126,217	161	(26)	126,352
Investment held for sale	10,041	—	(9,291)	750
Total Marketable Securities	$ 136,258	$ 161	$ (9,317)	$ 127,102

Income tax benefit of $3.6 million was recorded on these securities for the year ended December 31, 2000.

The contractual maturities of debt securities classified as available-for-sale as of December 31, 2000 are as follows (in thousands):

	Amortized Cost	Estimated Fair Values
Due in one year or less	$ 113,865	$ 113,976
Due after one year through two years	997	1,012
Due after two through five years	2,002	2,019
Due over five years	9,353	9,345
Total	$ 126,217	$ 126,352

NOTE 19—EQUITY INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES

At December 31, 2001, USA beneficially owned 46.7% of the outstanding common stock of Hot Networks AG, a German stock corporation, the subsidiaries of which operate electronic retailing operations in Europe. This investment is accounted for using the equity method. Due to the significance of the results of Hot Networks, AG, in relation to USA's results, summary financial information for Hot Networks AG is presented below. There were no significant operations in 1999.

	As of and for the Years Ended December 31,	
	2001	2000
	(In Thousands)	
Current assets	$ 17,597	$ 6,943
Non-current assets	157,274	42,784
Current liabilities	46,085	37,531
Non-current liabilities	194,249	23,668
Net sales	8,215	6,242
Gross profit	277	1,301
Net loss	(51,453)	(20,254)

To date, the Company has contributed approximately $125.3 million, including $105.5 million in 2001, and recorded equity losses in unconsolidated subsidiaries of $30.5 million, including $27.6 million in 2001.

NOTE 20—SAVOY SUMMARIZED HISTORICAL FINANCIAL INFORMATION (Discontinued operation)

The Company has not prepared separate financial statements and other disclosures concerning Savoy because management has determined that such information is not material to holders of the Savoy Debentures, all of which have been assumed by the Company as a joint and several obligor. The information presented is reflected at Savoy's historical cost basis.

Summary Consolidated Statements of Operations

	Years Ended December 31,		
	2001	2000	1999
	(In Thousands)		
Net sales	$ 3,591	$ 6,678	$ 7,890
Operating expenses	118	3,236	3,431
Operating income	3,473	3,442	4,459
Net income	5,681	6,354	7,143

Summary Consolidated Balance Sheets

	December 31,	
	2001	2000
	(In Thousands)	
Current assets	$ 10,709	$ —
Non-current assets	53,563	158,561
Current liabilities	4,861	17,021
Non-current liabilities	44,530	38,902

NOTE 21—DISCONTINUED OPERATIONS

Sale of USA Broadcasting

In August 2001, the Company completed its previously announced sale of all of the capital stock of certain USA Broadcasting ("USAB") subsidiaries that own 13 full-power television stations and minority interests in four additional full-power stations to Univision Communications Inc. ("Univision"). Total cash proceeds were $1.1 billion, of which $510.4 million was collected in fiscal year 2001 and $589.6 million in January 2002. The gain on the sale of the stations of $517.8 million, net of tax of $377.4 million. USAB is presented as a discontinued operation for all periods presented. The revenues for USAB were $19.7 million and $8.6 million in the years ended 2000 and 1999, respectively. The loss for USAB was $59.4 million (net of tax benefit of $21.3 million) and $44.1 million (net of tax benefit of $12.1 million) in the years ended 2000 and 1999, respectively.

Contribution of the USA Entertainment Group to VUE

On May 7, 2002, USA completed its previously announced transaction with Vivendi to create a joint venture called Vivendi Universal Entertainment ("VUE") (the "VUE Transaction"). VUE is controlled by Vivendi and its subsidiaries, with the common interests owned 93.06% by Vivendi, 5.44% by USA and 1.5% by Mr. Diller, Chairman and CEO of USA.

In connection with the VUE Transaction, USA and its subsidiaries received the following at the closing: (i) approximately $1.62 billion in cash, debt-financed by VUE, subject to tax-deferred treatment for a 15-year period, (ii) a $750 million face value Class A preferred interest in VUE, with a 5% annual paid-in-kind dividend and a 20-year term, to be settled in cash at its then face value at maturity; (iii) a $1.75 billion face value Class B preferred interest in VUE, with a 1.4% annual paid-in-kind dividend, a 3.6% annual cash dividend, callable and puttable after 20 years, to be settled by Universal at its then face value with a maximum of approximately 56.6 million USA common shares, provided that Universal may substitute cash in lieu of shares of USA common stock (but not USA Class B common stock), at its election; (iv) a 5.44% common interest in VUE, generally callable by Universal after five years and puttable by USA after eight years, which may be settled in either Vivendi stock or cash, at Universal's election, and (v) a cancellation of Universal's USANi LLC interests that were exchangeable into USA common shares including USANi LLC interests obtained from Liberty in connection with a related transaction. In connection with the transaction, USA has retired approximately 321 million shares previously owned by Vivendi, thereby reducing USA's fully diluted shares to 477 million shares.

Related to the transaction, Liberty exchanged 7,079,726 shares of USANi LLC for shares of USA common stock, and subsequently transferred to Universal 25,000,000 shares of USA common stock, its remaining 38,694,982 shares of USANi LLC, as well as the assets and liabilities of Liberty Programming France (which consist primarily of 4,921,250 shares of multiThematiques S.A., a French entity), in exchange for 37,386,436 Vivendi ordinary shares.

USA contributed to VUE USA Cable, which includes USA Network, SCI FI Channel, TRIO and Newsworld International; Studios USA, which produces and distributes television programming; USA Films, which produces and distributes films. Vivendi contributed the film, television and theme park businesses of its subsidiary, Universal Studios, Inc. In addition, USA issued to Universal ten-year warrants to acquire shares of USA common stock as follows: 24,187,094 shares at $27.50 per share; 24,187,094 shares at $32.50 per share; and 12,093,547 shares at $37.50 per share. Barry Diller, USA's chairman and chief executive officer, will receive a common interest in VUE with a 1.5% profit sharing percentage, with a minimum value of $275.0 million, in return for his agreeing to specified non-competition provisions and agreeing to serve as chairman and chief executive officer of VUE. USA and Mr. Diller have agreed that they will not compete with Vivendi's television and filmed entertainment businesses (including VUE) for a minimum of 18 months. The transaction has been accounted for as an asset sale. The after-tax gain associated with this transaction is preliminarily estimated at $3.5 billion.

The USA Entertainment Group is presented as a discontinued operation for all periods presented. The revenues for the USA Entertainment Group were $1.8 billion, $1.6 billion and $1.4 billion in the years ended 2001, 2000 and 1999, respectively. The net income, net of the effect of minority interest, for the USA Entertainment Group was $61.8 million (net of tax expense of $106.4 million), $83.8 million (net of tax expense of $69.0 million) and $85.7 million (net of tax expense of $74.5 million) in the years ended 2001, 2000 and 1999, respectively.

NOTE 22—EARNINGS (LOSS) PER SHARE

The following table sets forth the computation of Basic and Diluted earnings per share. All share numbers have been adjusted to retroactively reflect the impact of the two-for-one stock split of USA's common stock and Class B common stock paid on February 24, 2000. All share numbers give effect to such stock split.

	Years Ended December 31,		
	2001	2000	1999
	(In Thousands, Except Per Share Data)		
Continuing Operations:			
Numerator:			
Earnings (loss)	$ (186,799)	$ (172,398)	$ (69,212)
Denominator:			
Denominator for basic and diluted earnings per share- weighted average shares(a)	374,101	359,688	327,816
Basic earnings (loss) per share	$ (.50)	$ (.48)	$ (.21)
Diluted earnings (loss) per share	$ (.50)	$ (.48)	$ (.21)

	Years Ended December 31,		
	2001	2000	1999
	(In Thousands, Except Per Share Data)		
Earnings (loss) before cumulative effect of accounting change, net of tax:			
Numerator:			
Net earnings (loss)	$ 392,795	$ (147,983)	$ (27,631)
Denominator:			
Denominator for basic and diluted earnings per share-weighted average shares(a)	374,101	359,688	327,816
Basic earnings (loss) per share	$ 1.05	$ (.41)	$ (.08)
Diluted earnings (loss) per share	$ 1.05	$ (.41)	$ (.08)
Net Earnings (loss):			
Numerator:			
Net earnings (loss)	$ 383,608	$ (147,983)	$ (27,631)
Denominator:			
Denominator for basic and diluted earnings per share — weighted average shares(a)	374,101	359,688	327,816
Basic earnings (loss) per share	$ 1.03	$ (.41)	$ (.08)
Diluted earnings (loss) per share	$ 1.03	$ (.41)	$ (.08)

(a) Because the Company had a loss from continuing operations, all potentially dilutive securities are not included in the denominator for computing dilutive earnings per share, since their impact on earnings per share from continuing operations would be anti-dilutive. In accordance with FASB No. 128, the same shares are used to compute all earnings per share amounts.

NOTE 23—NOTES OFFERING AND GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

In December 2002, the Company initiated an offering of Senior Notes (the "Offered Notes"). The Offered Notes, by their terms, are fully and unconditionally guaranteed by USANi LLC (the "Guarantor"). USANi LLC is wholly owned, directly or indirectly, by the Company.

The following tables present condensed consolidating financial information for the years ended December 31, 2001, 2000, and 1999 for: (1) the Company on a stand-alone basis, (2) the Guarantor, USANi LLC, on a stand-alone basis, (3) the combined non-guarantor subsidiaries of the Company (including the subsidiaries of USANi LLC (collectively, the "Non-Guarantor Subsidiaries")) and (4) the Company on a consolidated basis.

	USA	USANi LLC	Non-Guarantor Subsidiaries	Eliminations	USA Consolidated
			(In Thousands)		
Balance Sheet as of December 31, 2001:					
Current assets	$ 585,212	$ 796,233	$ 965,871	$ —	$ 2,347,316
Property and equipment, net	—	24,755	374,232	—	398,987
Goodwill and other intangible assets, net	71,598	2,260	3,220,624	—	3,294,482
Investment in subsidiaries	3,525,102	7,301,359	—	(10,826,461)	—
Other assets	81,902	30,974	347,846	—	460,722
Net current assets of discontinued operations	—	—	38,343	—	38,343
Total assets	$ 4,263,814	$ 8,155,581	$ 4,946,916	$ (10,826,461)	$ 6,539,850
Current liabilities	$ 238,365	$ 31,135	$ 735,223	$ —	$ 1,004,723
Long-term debt, less current portion	—	498,515	45,857	—	544,372
Other liabilities	222,275	(311)	14,570	—	236,534
Intercompany liabilities	(142,327)	1,086,565	(944,238)	—	—
Minority interest	—	—	452,308	254,380	706,688
Interdivisional equity	—	—	3,840,046	(3,840,046)	—
Shareholders' equity	3,945,501	6,539,677	701,118	(7,240,795)	3,945,501
Net non current liabilities of discontinued operations	—	—	102,032	—	102,032
Total liabilities and shareholders' equity	$ 4,263,814	$ 8,155,581	$ 4,946,916	$ (10,826,461)	$ 6,539,850
Revenue	$ —	$ —	$ 3,468,860	$ —	$ 3,468,860
Operating expenses	(10,725)	(34,154)	(3,640,404)	—	(3,685,283)
Interest expense, net	(21,757)	4,650	(2,078)	—	(19,185)
Other income (expense), net	(154,317)	299,621	(42,309)	(154,844)	(51,849)
Provision for income taxes	—	—	(2,450)	—	(2,450)
Minority interest	—	—	49,300	53,808	103,108
(Loss) income from continuing operations	(186,799)	270,117	(169,081)	(101,036)	(186,799)
Discontinued operations, net of tax	61,747	67,752	61,747	(129,499)	61,747
Gain on disposal of Broadcasting Stations, net of tax	517,847	—	—	—	517,847
Cumulative effect of accounting change from discontinued operations, net of tax	(9,187)	6,470	(9,187)	2,717	(9,187)
Net Earnings (loss)	$ 383,608	$ 344,339	$ (116,521)	$ (227,818)	$ 383,608
Cash flows from operations	$ (36,116)	$ (25,770)	$ 360,221	$ —	$ 298,335
Cash flows used in investing activities	31,993	(7,774)	10,833	—	35,052
Cash flows from financing activities	4,123	745,346	(693,213)	—	56,256
Net Cash used by discontinued operations	—	—	348,174	—	348,174
Effect of exchange rate	—	(417)	(3,246)	—	(3,663)
Cash at the beginning of the period	—	78,079	166,144	—	244,223
Cash at the end of the period	$ —	$ 789,464	$ 188,913	$ —	$ 978,377

NOTE 23—NOTES OFFERING AND GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION (Continued)

As of and for the Year Ended December 31, 2000

	USA	USANi LLC	Non-Guarantor Subsidiaries	Eliminations	USA Consolidated
			(In Thousands)		
Balance Sheet as of December 31, 2000:					
Current Assets	$ (5,150)	$ 80,996	$ 872,171	$ —	$ 948,017
Property and equipment, net	—	24,203	384,747	—	408,950
Goodwill and other intangible assets, net	73,693	—	3,296,155	—	3,369,848
Investment in subsidiaries	3,210,434	6,888,058	244	(10,098,736)	—
Other assets	95,220	25,898	278,184	—	399,302
Net current assets of discontinued operations	—	—	86,517	—	86,517
Net non current assets of discontinued operations	—	—	433,656	—	433,656
Total assets	$ 3,374,197	$ 7,019,155	$ 5,351,674	$ (10,098,736)	$ 5,646,290
Current liabilities	$ 6,553	$ 30,518	$ 642,306	$ —	$ 679,377
Long-term debt, less current portion	0	498,212	53,554	—	551,766
Other liablilities	12,829	(11,671)	65,287	—	66,445
Intercompany liabilities	(85,056)	301,992	(216,936)	—	—
Minority interest	—	60,373	400,483	447,975	908,831
Interdivisional equity	—	—	3,962,022	(3,962,022)	—
Shareholders' equity	3,439,871	6,139,731	444,958	(6,584,689)	3,439,871
Total liabilities and shareholders' equity	$ 3,374,197	$ 7,019,155	$ 5,351,674	$ (10,098,736)	$ 5,646,290
Revenue	$ —	$ —	$ 2,964,612	$ —	$ 2,964,612
Operating expenses	(15,184)	(37,369)	(3,261,805)	—	(3,314,358)

Interest expenses, net	(26,195)	22,208	(3,379)	—	(7,366)
Other income, expense	(131,019)	247,699	(108,677)	41,014	49,017
Provision for income taxes	—	—	(43,850)	—	(43,850)
Minority interest	—	—	104,584	74,963	179,547
Earnings (loss) from continuing operations	(172,398)	232,538	(348,515)	115,977	(172,398)
Discontinued operations, net of tax	24,415	97,339	24,415	(121,754)	24,415
Net earnings (loss)	$ (147,983)	$ 329,877	$ (324,100)	$ (5,777)	$ (147,983)
Cash flows from operations	$ (34,654)	$ (12,013)	$ 133,988	$ —	$ 87,321
Cash flows used in investing activities	18,711	(63,754)	(362,973)	—	(408,016)
Cash flows from financing activities	15,943	(125,442)	167,662	—	58,163
Net Cash used by discontinued operations	—	—	86,266	—	86,266
Effect of exchange rate	—	—	(2,687)	—	(2,687)
Cash at the beginning of the period	—	279,288	143,888	—	423,176
Cash at the end of the period	$ —	$ 78,079	$ 166,144	$ —	$ 244,223

As of and for the Year Ended December 31, 1999

	USA	USANi LLC	Non-Guarantor Subsidiaries	Eliminations	USA Consolidated
			(In Thousands)		
Revenue	$ —	$ —	$ 2,001,108	$ —	$ 2,001,108
Operating expenses	(10,074)	(27,171)	(2,012,705)	—	(2,049,950)
Interest expense, net	(10,713)	(11,837)	(7,145)	—	(29,695)
Other income (expense), net	(48,425)	350,486	60,502	(366,832)	(4,269)
Provision for income taxes	—	—	(28,558)	—	(28,558)
Minority interest	—	—	56,741	(14,589)	42,152
Earnings (loss) from continuing operations	(69,212)	311,478	69,943	(381,421)	(69,212)
Discontinued operations, net of tax	41,581	83,510	—	(83,510)	41,581
Net earnings (loss)	$ (27,631)	$ 394,988	$ 69,943	$ (464,931)	$ (27,631)
Cash flows from operations	$ (33,127)	$ (31,200)	$ 142,087	$ —	$ 77,760
Cash flows used in investing activities	(401,082)	(53,645)	(13,591)	—	(468,318)
Cash flows from financing activities	434,209	212,973	(546,978)	—	100,204
Net cash used by discontinued operations	—	—	267,651	—	267,651
Effect of exchange rate	—	—	(123)	—	(123)
Cash at the beginning of the period	—	151,160	294,842	—	446,002
Cash at the end of the period	$ —	$ 279,288	$ 143,888	$ —	$ 423,176

Note 24—SUBSEQUENT EVENTS (UNAUDITED)

Accounting for Goodwill and Other Intangible Assets

Effective January 1, 2002, USA adopted Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets." The new rules eliminate amortization of goodwill and other intangible assets with indefinite lives and establish new measurement criterion for these assets. As previously discussed, USA recorded a pre-tax write-off before minority interest of $499 million related to the Citysearch and Precision Response ("PRC") businesses. Although Citysearch and PRC are expected to generate positive cash flows in the future, due to cash flow discounting techniques to estimate fair value as required by the new rules, the future estimated discounted cash flows do not support current carrying values. The Citysearch write-off was $115 million, and the PRC write-off was $384 million.

USA INTERACTIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended September 30,	Nine Months Ended September 30,

	2002	2001	2002	2001
	(In Thousands, except per share data)			
Product sales	$ 449,620	$ 453,447	$ 1,358,438	$ 1,368,299
Service revenue	742,876	384,392	1,923,798	1,152,055
Net revenue	1,192,496	837,839	3,282,236	2,520,354
Operating costs and expenses:				
Cost of sales product sales	275,835	301,748	856,830	907,500
Cost of sales service revenue	437,322	268,778	1,157,702	791,163
Selling and marketing	153,099	86,732	410,818	244,026
General and administrative	130,377	109,192	356,119	308,186
Other operating costs	21,832	22,552	60,637	62,435
Amortization of non-cash distribution and marketing expense	10,416	5,218	27,485	19,866
Amortization of non-cash compensation expense	2,998	1,268	10,199	5,431
Amortization of cable distribution fees	12,615	9,986	38,679	29,384
Depreciation	47,679	35,407	128,042	100,498
Amortization of intangibles and goodwill	63,149	73,975	113,875	219,545
Restructuring charges	31,411	2,914	71,625	13,466
Goodwill impairment	—	—	22,247	—
Total operating costs and expenses	1,186,733	917,770	3,254,258	2,701,500
Operating (loss) profit	5,763	(79,931)	27,978	(181,146)
Other income (expense):				
Interest income	38,231	7,671	73,384	21,478
Interest expense	(10,273)	(10,888)	(33,755)	(34,486)
Loss in unconsolidated subsidiaries and other	(18,082)	(12,937)	(131,975)	(25,406)
Total other income (expense), net	9,876	(16,154)	(92,346)	(38,414)
Income/(loss) from continuing operations before income taxes and minority interest	15,639	(96,085)	(64,368)	(219,560)
Income tax expense	(31,849)	878	(58,407)	(3,563)
Minority interest expense	(17,155)	32,332	(17,964)	82,765
Loss from continuing operations before cumulative effect of accounting change	(33,365)	(62,875)	(140,739)	(140,358)
Gain on contribution of USA Entertainment to VUE	—	—	2,378,311	—
Gain on disposal of Broadcasting Stations	—	468,018	—	517,847
Discontinued operations, net of tax	—	22,433	28,803	72,255
Earnings (loss) before cumulative effect of accounting change	(33,365)	427,576	2,266,375	449,744
Cumulative effect of accounting change, net of tax and minority interest	—	—	(461,389)	(9,187)
Net income (loss)	(33,365)	427,576	1,804,986	440,557
Preferred dividend	(3,264)	—	(8,495)	—
Net income (loss) available to common stockholders	$ (36,629)	$ 427,576	$ 1,796,491	$ 440,557
Loss per share from continuing operations before cumulative effect of accounting change available to common shareholders:				
Basic and diluted loss per common share	$ (0.08)	$ (0.17)	$ (0.36)	$ (0.38)
Earnings (loss) per share before cumulative effect of accounting change available to common stockholders:				
Basic and diluted earnings per common share	$ (0.08)	$ 1.14	$ 5.39	$ 1.21
Net Income (Loss) per Share Available to Common Stockholders:				
Basic and diluted earnings per common share	$ (0.08)	$ 1.14	$ 4.29	$ 1.18

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

USA INTERACTIVE AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

ASSETS

	September 30, 2002	December 31, 2001
	(In Thousands, except share data)	
CURRENT ASSETS		
Cash and cash equivalents	$ 675,413	$ 978,377
Restricted cash equivalents	13,931	9,107
Marketable securities	2,470,615	171,464
Accounts and notes receivable, net of allowance of $23,493 and $16,252, respectively	316,615	276,716
Receivable from sale of USAB	—	589,625
Inventories, net	216,909	197,354
Deferred tax assets	74,850	39,946
Other current assets, net	106,041	84,727
Net current assets of discontinued operations	—	38,343

Total current assets	3,874,374	2,385,659
PROPERTY, PLANT AND EQUIPMENT		
Computer and broadcast equipment	510,754	349,145
Buildings and leasehold improvements	139,394	125,491
Furniture and other equipment	133,158	91,292
Land	15,605	15,665
Projects in progress	22,324	45,754
	821,235	627,347
Less accumulated depreciation and amortization	(386,971)	(228,360)
Total property, plant and equipment	434,264	398,987
OTHER ASSETS		
Goodwill	6,294,921	3,070,129
Intangible assets, net	714,457	230,843
Cable distribution fees, net	173,800	158,880
Long-term investments	1,605,605	64,731
Preferred interest exchangeable for common stock	1,428,530	—
Note receivables and advances, net of current portion ($5,572 and $99,819, respectively, from related parties)	16,797	108,095
Advance to Universal	—	39,265
Deferred charges and other, net	159,400	83,261
Total other assets	10,393,510	3,755,204
TOTAL ASSETS	$ 14,702,148	$ 6,539,850

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

USA INTERACTIVE AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2002	December 31, 2001
	(In Thousands, except share data)	
CURRENT LIABILITIES		
Current maturities of long-term obligations	$ 36,231	$ 33,519
Accounts payable, trade	383,307	309,609
Accounts payable, client accounts	182,860	102,011
Cable distribution fees payable	65,852	32,795
Deferred revenue	307,832	75,256
Income tax payable	207,766	188,806
Other accrued liabilities	503,715	262,727
Total current liabilities	1,687,563	1,004,723
Long-Term Obligations, net of current maturities	508,237	544,372
Other Long-Term Liabilities	84,405	26,350
Deferred Income Taxes	2,207,243	210,184
Minority Interest	1,009,953	706,688
Net Long-term Liabilities of Discontinued Operations	—	102,032
Common Stock Exchangeable For Preferred Interest	1,428,530	—
STOCKHOLDERS' EQUITY		
Preferred stock—$.01 par value; authorized 100,000,000 shares; issued and outstanding 13,118,182 and 0 shares, respectively	131	—
Common stock—$.01 par value; authorized 1,600,000,000 shares; issued 390,945,859 and 321,461,696 shares respectively, and outstanding 384,344,158 and 315,060,017 shares, respectively	3,838	3,147
Class B convertible common stock — $.01 par value; authorized 400,000,000 shares; issued and outstanding 64,629,996 and 63,033,452 shares, respectively	646	630
Additional paid-in capital	5,933,863	3,918,401

Retained earnings	1,977,758	181,267
Accumulated other comprehensive income	11,774	(11,605)
Treasury stock—6,601,701 and 6,401,679 shares, respectively	(146,795)	(141,341)
Note receivable from key executive for common stock issuance	(4,998)	(4,998)
Total stockholders' equity	7,776,217	3,945,501
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 14,702,148	$ 6,539,850

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

USA INTERACTIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited)

	Total	Preferred Stock	Common Stock	Class B Convertible Common Stock	Addit. Paid-in Capital	Retained Earnings	Accum. Other Comp. Income	Treasury Stock	Note Receivable From Key Executive for Common Stock Issuance
				(In Thousands)					
Balance as of December 31, 2001	$ 3,945,501	$ —	$ 3,147	$ 630	$ 3,918,401	$ 181,267	$ (11,605)	$ (141,341)	$ (4,998)
Comprehensive income:									
Net income for the nine months ended September 30, 2002	1,804,986	—	—	—	—	1,804,986	—	—	—
Increase in unrealized gains in available for sale securities	3,767	—	—	—	—	—	3,767	—	—
Foreign currency translation	19,612	—	—	—	—	—	19,612	—	—
Comprehensive income	1,828,365								
Issuance of securities in connection with the Expedia transaction	1,497,894	131	206	—	1,497,557	—	—	—	—
Issuance of common stock upon exercise of stock options	122,151	—	78	—	122,073	—	—	—	—
Income tax benefit related to stock options exercised	25,428	—	—	—	25,428	—	—	—	—
Issuance of stock in connection with other transactions	59,141	—	22	—	59,119	—	—	—	—
Issuance of stock for LLC Exchange	178,650	—	71	—	178,579	—	—	—	—
Issuance of stock for Holdco Exchange	750,695	—	316	16	750,363	—	—	—	—
Securities issued in VUE transaction	810,873	—	—	—	810,873	—	—	—	—
Common stock exchangeable for preferred interest	(1,428,530)	—	—	—	(1,428,530)	—	—	—	—
Dividend on preferred stock	(8,495)	—	—	—	—	(8,495)	—	—	—
Purchase of treasury stock	(5,456)	—	(2)	—	—	—	—	(5,454)	—
Balance as of September 30, 2002	$ 7,776,217	$ 131	$ 3,838	$ 646	$ 5,933,863	$ 1,977,758	$ 11,774	$ (146,795)	$ (4,998)

Accumulated other comprehensive income is comprised of unrealized (losses) gains on available for sale securities of $3,806 and $39 as of September 30, 2002 and December 31, 2001, respectively, and foreign currency translation adjustments of $7,968 and $(11,644) as of September 30, 2002 and December 31, 2001, respectively.

Comprehensive loss for the three months ended September 30, 2002 was $(31,622).

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

USA INTERACTIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

Nine Months Ended

	September 30,	
	2002	2001
	(In Thousands)	
Cash flows from operating activities:		
Loss from continuing operations before cumulative effect of accounting change	$ (140,739)	$ (140,358)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization of non-cash distribution and marketing	27,485	19,866
Amortization of non-cash compensation expense	10,199	5,431
Amortization of cable distribution fees	38,679	29,384
Amortization of deferred financing costs	2,208	1,149
Depreciation and amortization	241,917	320,043
Goodwill impairment	22,247	—
Deferred income taxes	6,974	4,945
Equity in losses of unconsolidated affiliates	132,807	22,021
Non-cash interest income	(13,538)	(3,396)
Minority interest expense	17,964	(82,765)
Non-cash restructuring charge	36,908	6,248
Changes in current assets and liabilities:		
Accounts receivable	46,861	9,804
Inventories	(12,141)	4,490
Accounts payable	53,393	3,357
Accrued liabilities and deferred revenue	(8,122)	11,223
Increase in cable distribution fees	(34,874)	(18,511)
Other, net	25,986	6,698
Net Cash Provided By Operating Activities	454,214	199,629
Cash flows from investing activities:		
Acquisitions and deal costs, net of cash acquired	(551,570)	(191,474)
Capital expenditures	(110,897)	(89,575)
Recoupment of advance to Universal	39,422	58,698
(Increase) decrease in long-term investments and notes receivable	23,953	(76,707)
Purchase of marketable securities, net of redemptions	(2,340,791)	(21,373)
Proceeds from VUE transaction	1,618,710	—
Proceeds from sale of broadcast stations	589,625	510,374
Other, net	(18,628)	(21,626)
Net Cash Provided By Investing Activities	(750,176)	168,317
Cash flows from financing activities:		
Borrowings	22,972	21,974
Principal payments on long-term obligations	(63,074)	(11,941)
Purchase of treasury stock	(5,456)	(1,401)
Payment of mandatory tax distribution to LLC partners	(154,083)	(17,369)
Proceeds from sale of subsidiary stock	57,179	10,447
Proceeds from issuance of common stock and LLC shares	129,341	73,052
Dividend	(6,922)	—
Other, net	(157)	(10,437)
Net Cash (Used In) Provided By Financing Activities	(20,200)	64,325
Net Cash Provided By Discontinued Operations	5,351	226,691
Effect of exchange rate changes on cash and cash equivalents	7,847	(3,426)
Net Increase In Cash and Cash Equivalents	(302,964)	655,536
Cash and cash equivalents at beginning of period	978,377	244,223
Cash And Cash Equivalents at End of Period	$ 675,413	$ 899,759

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NOTE 1—ORGANIZATION

USA Interactive ("USA" or the "Company") (Nasdaq: USAI) consists of Home Shopping Network (including HSN International and HSN.com); Ticketmaster (Nasdaq: TMCS), which operates Ticketmaster, Ticketmaster.com, Citysearch and Match.com; Hotels.com (formerly Hotel Reservations Network) (Nasdaq: ROOM); Expedia, Inc. (Nasdaq: EXPE); Interval International, Inc. ("Interval"); TV Travel Shop, which is based in the UK selling packaged vacations primarily over the television ("TVTS"); Precision Response Corporation ("PRC"); and Electronic Commerce Solutions and Styleclick (OTCBB: IBUYA). Through May 7, 2002, USA also included the USA Entertainment Group, which consists of USA Cable, including USA Network and Sci Fi Channel and Emerging Networks TRIO and Newsworld International; Studios USA, which produces and distributes television programming; and USA Films, which produces and distributes films. USA Entertainment was contributed to a joint venture with Vivendi Universal, S.A. ("Vivendi") called Vivendi Universal Entertainment LLLP ("VUE") (the "VUE Transaction") on May 7, 2002 and the results of operations and statement of position of the USA Entertainment Group are presented as discontinued operations for all periods presented. See Note 8 for further discussion of the VUE Transaction.

On February 4, 2002, USA completed its acquisition of a controlling interest in Expedia, Inc. ("Expedia") through a merger of one of its subsidiaries with and into Expedia. See Note 3 below for further discussion.

In connection with the VUE Transaction, shares of USANi LLC held by Liberty Media Corporation ("Liberty") were exchanged for 7.1 million USA shares, with the remaining approximately 320.9 million USANi LLC shares held by Vivendi (including USANi shares obtained from Liberty) cancelled.

On June 27, 2002, the Company and Liberty completed the exchange of Liberty's Home Shopping Network ("Holdco") shares, with the Company issuing an aggregate of 31.6 million shares of Common Stock and 1.6 million shares of Class B Common Stock. Therefore, at this time USA owns 100% of USANi LLC and Holdco. Previously, USA maintained control and management of Holdco and USANi LLC, and managed the businesses held by USANi LLC, in substantially the same manner, as they would be if USA held them directly through wholly owned subsidiaries.

On September 24, 2002, the Company completed its acquisition of Interval for approximately $533 million in cash, subject to a working capital adjustment. Miami-based Interval, a leading membership-services company providing timeshare exchange and other value-added programs to its timeshare-owner consumer members and resort developers.

HSE-Germany and HOT Networks

As previously disclosed, HSN entered into various transactions with its European partners, Georg Kofler and Thomas Kirch, to increase HSN's ownership in its European operations. The transactions were largely completed during the third quarter, and the total purchase price was approximately $100 million. As a result of the transactions, HSN increased its ownership interest to 100% of HOT Networks and approximately 90% of HSE-Germany, with Quelle owning the remainder. HOT Networks' principal assets are its direct and indirect interests in EUVÍA Media AG & Co. KG ("EUVÍA"), a German limited partnership, and HSE-Italy. As discussed below, the Company recorded a write-down of $31.4 million in the third quarter of 2002 related to HSE-Italy. HOT Networks holds a

48.6% limited partnership interest in EUVÍA, which in turn, through certain subsidiaries, operates two businesses, "Neun Live," a game show oriented TV channel, and "Travel TV," a travel oriented shopping TV channel under the brand name "Sonnenklar." In connection with the partnership formed to operate these businesses, HOT Networks has undertaken to fund 100% of the cash requirements and operating losses up to Euro 179 million, with the funding obligations terminating if EUVÍA remains profitable for two consecutive fiscal years. Through September 30, 2002, HOT Networks has funded EUVÍA with approximately Euro 59 million. HOT Networks expects an additional Euro 10 million of funding may be required prior to EUVÍA achieving profitability for two consecutive fiscal years. In the event EUVÍA's current business plan is revised to require additional funding to achieve profitability for two consecutive years, HOT Networks may have additional contractual rights exercisable on or after June 30, 2003 that reduce its ongoing funding obligations below Euro 179 million assuming it has met certain funding thresholds as of June 30, 2003. Although it is not expected that these additional contractual rights will prove relevant in light of EUVÍA's current business plan, HOT Networks continues to actively monitor EUVÍA's funding requirements.

USA has classified $115.7 million of redeemable equity interests issued by EUVIA as minority interest. The redeemable equity interests are due in 2006, but EUVÍA has the right to extend maturity to 2016 based on meeting certain financial covenants. The amount is only due to the holder under German law to the extent sufficient funds in excess of fixed share capital at EUVÍA are available.

HOT Networks has a voting arrangement in place with Christiane zu Salm, who holds a 3% stake in EUVÍA that obligates her to vote with HSN. This voting arrangement, plus HSN's 48.6% ownership, serves as the basis for HSN's consolidation of EUVÍA in its financial statements. It is also expected that HOT Networks will convey to Georg Kofler a 3% interest in EUVÍA, in which case HSN's effective stake in EUVÍA would be reduced to 45.6%. In such event, HSN and Kofler have agreed to long-term voting arrangements (similar to the zu Salm arrangements) that would continue to support consolidation of EUVÍA absent new circumstances. ProSiebenSat owns the remaining 48.4% stake in EUVÍA.

During the third quarter of 2002, the Company decided to discontinue its active majority interest in HSE-Italy and wrote down its investment in Italy, resulting in a non-recurring charge of $31.4 million. On November 13, 2002, the Company entered into an agreement with Convergenza, its current partner, to sell Convergenza a substantial stake in the Italian home shopping business, leaving the Company with a passive minority interest of 35% without any funding obligations or ability to significantly influence the operations of the business. This 35% interest may be further decreased if and when additional partners or investors are brought into the business.

Basis of Presentation

The interim Consolidated Financial Statements and Notes thereto of the Company are unaudited and should be read in conjunction with the audited Consolidated Financial Statements and Notes thereto for the twelve months ended December 31, 2001.

In the opinion of the Company, all adjustments necessary for a fair presentation of such Consolidated Financial Statements have been included. Such adjustments consist of normal recurring items. Interim results are not necessarily indicative of results for a full year. The interim Consolidated

Financial Statements and Notes thereto are presented as permitted by the Securities and Exchange Commission and do not contain certain information included in the Company's audited Consolidated Financial Statements and Notes thereto.

Accounting Estimates

Management of the Company is required to make certain estimates and assumptions during the preparation of consolidated financial statements in accordance with generally accepted accounting principles. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates.

Significant estimates underlying the accompanying consolidated financial statements include the inventory carrying adjustment, sales return and other revenue allowances, allowance for doubtful accounts, recoverability of intangibles and other long-lived assets, estimates of film revenue ultimates (included in discontinued operations), program rights and film cost amortization (included in discontinued operations), and various other operating allowances and accruals.

New Accounting Pronouncements

Accounting for Goodwill and Other Intangible Assets

Effective January 1, 2002, USA adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Accounting for Goodwill and Other Intangible Assets." The new rules eliminate amortization of goodwill and other intangible assets with indefinite lives and establish new measurement criterion for these assets. Goodwill amortization recorded in continuing operations in the three and nine months ended September 30, 2001 was $54.6 million and $161.1 million, respectively. Goodwill amortization recorded in discontinued operations in the three and nine months ended September 30, 2001 was $29.9 million and $98.0 million, respectively. As previously discussed in USA's Form 10-Q for the quarter ended March 31, 2002, USA recorded a write-off before tax and minority interest of $499 million related to the Citysearch and PRC businesses as a cumulative effect of accounting change. Although Citysearch and PRC are expected to generate positive cash flows in the future, due to cash flow discounting techniques to estimate fair value as required by the new rules, the future estimated discounted cash flows did not support current carrying values at the time of the evaluation on January 1, 2002. The Citysearch write-off was $115 million, and the PRC write-off was $384 million.

Adoption of the new standard resulted in a one-time, non-cash after-tax, after minority interest expense of $461.4 million. The expense is reflected as a cumulative effect of an accounting change in the accompanying consolidated statement of operations as of January 1, 2002. See Note 6 for additional information regarding goodwill.

In addition, in the second quarter of 2002, USA recorded a further write-down of $22.2 million related to PRC. The write-down resulted from contingent purchase price recorded in the second quarter.

Impairment or Disposal of Long-Lived Assets

The Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", during the three months ended March 31, 2002. This statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Assets to Be Disposed Of", and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", for the disposal of a segment of a business (as previously defined in that opinion). SFAS No. 144 established a single accounting model, based on the framework established in SFAS No. 121 for long-lived assets to be disposed of for sale. It retains the fundamental provisions of SFAS No. 121 for (a) recognition and measurement of the impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sale.

During the third quarter of 2002, the Company decided to discontinue its active majority interest in HSE-Italy and wrote down its investment in Italy, resulting in a non-recurring charge of $31.4 million.

Accounting by Producers or Distributors of Films (Discontinued Operations)

The Company adopted Statements of Position No. 00-2, "Accounting by Producers or Distributors of Films" ("SOP 00-2") during the three months ended March 31, 2001. SOP 00-2 established new film accounting standards, including changes in revenue recognition and accounting for advertising, development and overhead costs. Specifically, SOP 00-2 requires advertising costs for theatrical and television product to be expensed as incurred. This compares to the Company's previous policy of first capitalizing these costs and then expensing them over the related revenue streams. In addition, SOP 00-2 requires development costs for abandoned projects and certain indirect overhead costs to be charged directly to expense, instead of those costs being capitalized to film costs, which was required under the previous accounting rules. SOP 00-2 also requires all film costs to be classified in the balance sheet as non-current assets. Provisions of SOP 00-2 in other areas, such as revenue recognition, generally are consistent with the Company's existing accounting policies.

SOP 00-2 was adopted as of January 1, 2001, and the Company recorded a one-time, non-cash after-tax expense of $9.2 million related to the entertainment assets that were contributed to VUE. The expense is reflected as a cumulative effect of an accounting change in the accompanying consolidated statement of operations.

Rescission of SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt"

In April 2002, the FASB issued SFAS No. 145, Rescission of SFAS No. 4, 44, and 64, Amendment of SFAS No. 13, and Technical Corrections. SFAS No. 145 rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt", and an amendment of that Statement, SFAS No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements". Under SFAS No. 4, all gains and losses from extinguishment of debt were required to be aggregated and, if material, classified as an extraordinary item. The rescission of SFAS No. 4 stipulates that gains and losses from extinguishment of debt should be classified as extraordinary items only if they meet the criteria in Accounting

Principles Board Opinion No. 30, "Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions".

During the second quarter of 2002, the Company adopted SFAS No. 145. On May 31, 2002, the Company fully redeemed the unsecured $37,782,000 aggregate principal amount of 7% Convertible Subordinated Debentures due July 1, 2003 (the "Savoy Debentures"). In connection with this redemption, the Company recorded a loss of $2.0 million, which was recorded as interest expense.

Reclassifications

Certain amounts in the prior years' consolidated financial statements have been reclassified to conform to the 2002 presentation. The statements of operations, balance sheets and statements of cash flows of USA Entertainment have been classified as discontinued operations for all periods presented. See Note 9 for further discussion of discontinued operations.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

See the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, as amended, for a summary of all significant accounting policies. The following discussion relates to significant matters relating to accounting policies since the Annual Report on Form 10-K was filed.

Revenue Presentation for Merchant Hotel Business

As reported in the Company's press release dated July 24, 2002, the Company has chosen to discuss the revenue presentation of Hotels.com and Expedia with the SEC, as Hotels.com accounts for merchant hotel revenue on a gross basis and Expedia on a net basis. The presentations are consistent with the respective management team's interpretation of the accounting rules, based on their respective facts and circumstances, and each company's conclusions were reached in close consultation with their external auditors. USA is always striving to report its results in the most transparent and meaningful manner. The Company is discussing the issue with the SEC with the goal of reaching a conclusion during the fourth quarter. The Company believes the accounting models used by Expedia and Hotels.com continue to be appropriate based on their facts and circumstances. However, any change to the presentation of Expedia or Hotels.com will be limited to the presentation of revenue, cost of sales and operating margins, and will have no impact on the timing of revenue recognition (both defer revenue until the conclusion of the customer stay), gross profit, operating income, net income, earnings per share or cash flows.

Stock-Based Compensation

The Company announced its intention to account for stock-based compensation issued to employees in accordance with SFAS No. 123, "Accounting for Stock Based Compensation" ("FAS 123"). The Company will adopt FAS 123 as of January 1, 2003, in accordance with the requirements for the timing of adoption in the standard. If the Company had adopted FAS 123 as of January 1, 1994, the date the standard went into effect, net income would have been reduced by $80.3 million for the year ended December 31, 2001. However, going forward, the Company intends to

issue restricted stock that will vest in future periods instead of stock options. For restricted stock issued, the accounting charge will be measured at the grant date and amortized ratably as non-cash compensation over the vesting term. At this time it is not possible to predict the effect of this contemplated plan on net income.

NOTE 3—BUSINESS ACQUISITIONS

Expedia Transaction

On February 4, 2002, USA completed its acquisition of a controlling interest in Expedia through a merger of one of its subsidiaries with and into Expedia. Immediately following the merger, USA owned all of the outstanding shares of Expedia Class B common stock, representing approximately 64.2% of Expedia's outstanding shares, and 94.9% of the voting interest in Expedia. On February 20, 2002, USA acquired 936,815 shares of Expedia common stock, increasing USA's ownership to 64.6% of Expedia's the then outstanding shares, with USA's voting percentage remaining at 94.9%. In the merger, USA issued to former holders of Expedia common stock who elected to receive USA securities an aggregate of 20.6 million shares of USA common stock, 13.1 million shares of $50 face value 1.99% cumulative convertible preferred stock of USA and warrants to acquire 14.6 million shares of USA common stock at an exercise price of $35.10. Expedia trades on Nasdaq under the symbol "EXPE," the USA cumulative preferred stock trades on OTC under the symbol "USAIP" and the USA warrants trade on Nasdaq under the symbol "USAIW."

Pursuant to the terms of the USA/Expedia transaction documents, Microsoft Corporation, which beneficially owned 33,722,710 shares of Expedia common stock, elected to exchange all of its Expedia common stock for USA securities in the merger. Expedia shareholders who did not receive USA securities in the transaction retained their Expedia shares and received for each Expedia share held 0.1920 of a new Expedia warrant.

The aggregate purchase price, including transaction costs, was $1.5 billion.

The Expedia transaction has been accounted for under the purchase method of accounting by USA. The purchase price has been preliminarily allocated to the assets acquired and liabilities assumed based on their respective fair values at the date of purchase. USA obtained an independent valuation of the assets and liabilities acquired, including the identification of intangible assets other than goodwill, which identified $545.0 million of intangible assets other than goodwill. The unallocated excess of acquisition costs over net assets acquired of $907.6 million was allocated to goodwill. Intangible assets without indefinite lives will be amortized over a period of 3 to 5 years, and include technology, distribution agreements, customer lists and supplier relationships. Assets and liabilities of

Expedia as of the acquisition date, including the preliminary application of purchase accounting by USA, consist of the following:

	(In Thousands)
Current assets	$ 320,224
Non-current assets	34,528
Goodwill and indefinite lived intangible assets	1,222,570
Intangible assets	230,000
Current liabilities	205,163
Non-current liabilities	87,072

The following unaudited pro forma condensed consolidated financial information for the three and nine months ended September 30, 2002 and 2001, is presented to show the results of the Company, as if the Expedia transaction and the merger of Ticketmaster and Ticketmaster Online Citysearch, which was completed on January 31, 2001 and which did not impact revenues or operating profit, but rather minority interest and income taxes, plus the 7.1 million shares exchanged for LLC interests in the VUE Transaction, plus the 33.2 million shares issued to Liberty for its interest in Holdco, had occurred at the beginning of the periods presented. The pro forma results include certain adjustments, including increased amortization related to intangible assets, and are not necessarily indicative of what the results would have been had the transactions actually occurred on the aforementioned dates. Note that the amounts exclude USA Broadcasting ("USAB") and USA Entertainment, which are presented as discontinued operations (see Note 9).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(In Thousands, except per share data)			
Net revenue	$ 1,192,496	$ 917,317	$ 3,317,723	$ 2,735,528
Loss from continuing operations before cumulative effect of accounting change and preferred dividend	(33,365)	(69,686)	(140,664)	(165,942)
Basic and diluted loss from continuing operations before cumulative effect of accounting change and preferred dividend per common share	(0.07)	(0.16)	(0.32)	(0.38)

NOTE 4—STATEMENTS OF CASH FLOWS

Supplemental Disclosure of Non-Cash Transactions for the Nine Months Ended September 30, 2002:

In May 2002, USA acquired TVTS for a combination of cash and common stock. USA issued 1.6 million shares valued at approximately $48.1 million.

In April 2002, Ticketmaster acquired Soulmates Technology Pty. Ltd ("Soulmates"), a global online personals company. Ticketmaster issued 0.8 million shares valued at approximately $23.6 million.

For the nine months ended September 30, 2002, paid in kind interest accrued on the VUE Series A Preferred amounted to $14.0 million.

For the nine months ended September 30, 2002, interest accrued on the $200.0 million advance to Universal amounted to $0.3 million.

For the nine months ended September 30, 2002, the Company incurred non-cash distribution and marketing expense of $27.5 million and non-cash compensation expense of $10.2 million.

On May 31, 2002, the Company redeemed in full the Savoy Debentures. The Company recorded a loss of $2.0 million, of which $1.4 million was related to the write-off of deferred finance costs.

During the nine months ended September 30, 2002, the Company realized a pre-tax loss of $11.5 million related to the write-down of investments to fair value.

Supplemental Disclosure of Non-Cash Transactions for the Nine Months Ended September 30, 2001:

For the nine months ended September 30, 2001, interest accrued on the $200.0 million advance to Universal amounted to $3.3 million.

For the nine months ended September 30, 2001, the Company incurred non-cash distribution and marketing expense of $19.9 million and non-cash compensation expense of $5.4 million.

During the nine months ended September 30, 2001, the Company realized a pre-tax loss of $6.7 million related to the write-down of investments to fair value.

NOTE 5—INDUSTRY SEGMENTS

The Company operates principally in the following industry segments: Home Shopping Network-US (including HSN.com) ("HSN-US"); Ticketing, (including Ticketmaster and Ticketmaster.com); Hotels.com (Nasdaq: ROOM); Expedia (Nasdaq: EXPE); Interval; PRC; Match.com; Citysearch; USA

Electronic Commerce Solutions LLC ("ECS")/Styleclick (OTCBB: IBUYA); and International TV shopping and other (which includes HSN-International and TVTS, which was acquired in May 2002).

Adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA") is defined as operating profit (loss) plus (1) depreciation and amortization, including goodwill impairment, (2) amortization of cable distribution fees (3) amortization of non-cash distribution and marketing expense and non-cash compensation expense and (4) non-recurring items, including disengagement expenses and restructuring charges not impacting EBITDA. Adjusted EBITDA is presented here as a management tool and as a valuation methodology. Adjusted EBITDA does not purport to represent cash provided by operating activities. Adjusted EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. Adjusted EBITDA may not be comparable to calculations of similarly titled measures presented by other companies.

The following is a reconciliation of Operating Profit/ (Loss) to Adjusted EBITDA for the three and nine months ended September 30, 2002 and 2001:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(In Thousands)			
Operating profit (loss)	$ 5,763	$ (79,931)	$ 27,978	$ (181,146)
Depreciation and amortization	110,828	109,382	241,917	320,043
Goodwill impairment	—	—	22,247	—
Amortization of cable distribution fees	12,615	9,986	38,679	29,384
Amortization of non-cash distribution and marketing	10,416	5,218	27,485	19,866
Amortization of non cash compensation expense	2,998	1,268	10,199	5,431
Disengagement expenses	4,560	—	22,326	—
Restructuring charges not impacting EBITDA(a)	31,411	469	36,908	6,248
Adjusted EBITDA	$ 178,591	$ 46,392	$ 427,739	$ 199,826
Revenue:				
HSN-US(b)	$ 370,742	$ 396,435	$ 1,141,270	$ 1,163,630
Ticketing	162,140	133,897	490,925	447,903
Match.com	33,394	12,478	88,182	31,687
Hotels.com	277,386	151,241	672,814	394,829
Expedia	166,619	—	389,865	—
Interval	2,319	—	2,319	—
PRC	75,001	72,610	217,212	228,926
Citysearch and related	7,617	11,078	22,479	35,851
International TV Shopping & other(c)	91,839	57,013	234,557	200,620
USA Electronic Commerce Solutions LLC/Styleclick	7,615	5,378	30,386	21,781
Intersegment elimination	(2,176)	(2,291)	(7,773)	(4,873)
Total	$ 1,192,496	$ 837,839	$ 3,282,236	$ 2,520,354
Operating profit/(loss):				
HSN-US(b)(d)	$ 11,408	$ 21,501	$ 63,233	$ 67,462
Ticketing(e)	25,690	(83)	83,804	26,009
Match.com	3,762	(88)	13,396	(8,173)
Hotels.com(f)	33,289	5,895	79,580	10,573
Expedia(g)	24,156	—	55,776	—
Interval	255	—	255	—
PRC(h)	(677)	(14,191)	(26,793)	(25,650)
Corporate & other(i)	(15,085)	(13,654)	(28,257)	(33,733)
Citysearch and related	(24,650)	(41,802)	(74,648)	(127,007)
International TV Shopping & other(c)(j)	(11,640)	(16,322)	(31,437)	(23,142)
USA Electronic Commerce Solutions LLC/Styleclick(k)	(9,334)	(18,273)	(35,306)	(54,019)
Restructuring charges(a)	(31,411)	(2,914)	(71,625)	(13,466)
Total	$ 5,763	$ (79,931)	$ 27,978	$ (181,146)

Adjusted EBITDA:				
HSN-US(b)	$ 67,400	$ 48,899	$ 187,738	$ 155,840
Ticketing(e)	36,279	19,021	113,643	84,775
Match.com	6,950	5,801	23,522	8,908
Hotels.com(f)	39,492	21,775	98,142	58,591

Expedia(g)	47,876	—	116,531	—
Interval	431	—	431	—
PRC(h)	9,607	3,017	23,441	23,217
Corporate & other(i)	(11,183)	(11,512)	(29,560)	(27,756)
Citysearch and related	(9,893)	(11,635)	(29,241)	(34,304)
International TV Shopping & other(c)(j)	350	(12,117)	(14,014)	(16,443)
USA Electronic Commerce Solutions LLC/Styleclick(k)	(8,718)	(14,412)	(28,177)	(45,784)
Restructuring charges(a)	—	(2,445)	(34,717)	(7,218)
Total	$ 178,591	$ 46,392	$ 427,739	$ 199,826

(a) Restructuring charges related to charges for 2002 relate to PRC, ECS and HSN-International, including HSE-Italy of $31.4 million in the third quarter of 2002. Amounts for 2001 relate to Styleclick and PRC. See below for further detail. Amounts not impacting EBITDA of $36.9 million and $6.2 million in the nine months ended September 30, 2002 and 2001, respectively, relate to the write-off of fixed assets and leasehold improvements.

(b) Includes estimated revenue in the three and nine months ended September 30, 2001 generated by homes lost by HSN following the sale of USAB to Univision of $21.3 million and $82.9 million, respectively. Includes coupons redeemed by customers impacted by disengagement in the three and nine months ended September 30, 2002 of $0.0 million and $1.8 million, respectively, which is reflected as an offset to revenue.

(c) Includes impact of foreign exchange fluctuations, which reduced revenues by $4.9 million and $9.1 million in the three months ended September 30, 2002 and 2001, respectively, and $31.5 million and $36.6 million in the nine months ended September 30, 2002 and 2001, respectively, if the results are translated from Euros to U.S. dollars at a constant exchange rate, using 1999 as the base year.

(d) Includes costs incurred in the three and nine months ended September 30, 2002 of $4.6 million and $22.3 million, respectively, related to the disengagement of HSN from USAB stations. Amounts relate to $0.0 million and $1.8 million, respectively, of coupons redeemed by customers and $4.6 million and $20.5 million, respectively, of payments to cable operators and related marketing expenses in the disengaged markets.

(e) Includes $1.4 million of expenses related to the merger with USA in the three and nine months ended September 30, 2002.

(f) Includes $0.6 million of expenses related to the exchange offer by USA in the three and nine months ended September 30, 2002.

(g) Includes $1.0 million of expenses related to the exchange offer by USA in the three and nine months ended September 30, 2002.

(h) Results for the nine months ended September 30, 2002 exclude restructuring charges of $9.3 million of which $5.8 million impacts Adjusted EBITDA. Results for the three and nine months ended September 30, 2001 exclude restructuring charges of $2.9 million, of which $2.4 million impacts Adjusted EBITDA. See Note 7 for further information. Results for the three and nine months ended September 30, 2001 include nonrecurring expenses primarily related to employee benefits of $4.9 million.

(i) Includes $3.3 million of expenses related to the employee terminations and benefits in the three and nine months ended September 30. 2001.

(j) Results for the three and nine months ended September 30, 2002 exclude restructuring charges of $31.4 million and $46.2 million of which zero and $13.6 million impacts Adjusted EBITDA. See Note 7 for further information.

(k) Results for the three months ended September 30, 2002 exclude restructuring charges of $16.2 million of which $15.3 million impacts Adjusted EBITDA. Results for the three and nine months ended September 30, 2001 exclude restructuring charges of $10.6 million of which $4.8 million impacts Adjusted EBITDA. See Note 7 for further information. Results for the three and nine months ended September 30, 2002 include expenses related to contract terminations of $3.6 million.

NOTE 6—GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets is comprised of goodwill of $6.3 billion, intangible assets with indefinite lives of $325.8 million related primarily to tradenames acquired in the Expedia transaction, and other intangible assets of $388.7 million. The other intangible assets relate primarily to purchased technology, distribution agreements, customer lists and supplier relationships, and include $230.0 million related to the Expedia transaction. The amounts for Expedia are preliminary at this time, as the Company has not completed its purchase price allocation. The intangible assets that do not have indefinite lives are being amortized over periods ranging from 2 to 10 years. Goodwill amortization recorded in continuing operations in the three and nine months ended September 30, 2001 was $54.6 million and $161.1 million, respectively. Goodwill amortization recorded in discontinued operations in the three and nine months ended September 30, 2001 was $29.9 million and $98.0 million, respectively. The large increase in amortization of intangibles between periods is due primarily to the Expedia transaction and the step-up in basis of HSN resulting from the VUE

transaction. Amortization expense based on September 30, 2002 balances for the next five years is estimated to be as follows (in thousands):

The balance of goodwill and intangible assets as of September 30, 2002 is as follows:

Goodwill	$ 6,294,921
Intangible assets with indefinite lives	325,788

Intangible assets with definite lives	388,669
	$ 7,009,378

Amortization expense based on September 30, 2002 balances for the next five years is estimated to be as follows (in thousands):

Three months ended December 31, 2002	$ 36,257
Year ended December 31, 2003	120,164
Year ended December 31, 2004	101,050
Year ended December 31, 2005	57,298
Year ended December 31, 2006	47,194
Year ended December 31, 2007 and thereafter	26,706
	$ 388,669

The amount of amortization of intangibles in future periods could be greater due to the following factors. In relation to the VUE Transaction and the exchange of Holdco and LLC shares by Liberty, the businesses that were owned by USANi LLC, primarily HSN, HSN-International and ECS/Styleclick, which USA retained after the transaction, are treated as an acquisition by USA of the minority interests in these entities. Thus, USA has recorded a step-up to its carrying value based on the fair value of these businesses to the extent of the minority interest acquired. The step-up for the portion not previously owned by USA is approximately $1.8 billion. In addition, the Company acquired TVTS in May 2002 and Interval in September 2002, which resulted in excess purchase price over the net assets acquired of approximately $142.4 million and $563.9 million, respectively, which has been preliminarily allocated to goodwill. Furthermore, as discussed in Note 1, HSN increased its ownership in HSE-Germany from 46.67% to 90%. The total purchase price was approximately $100 million. As a result of the transactions, HSN increased its ownership to 100% of HOT Networks and approximately 90% of HSE-Germany, with Quelle owning the remainder. USA has not completed its allocation of the purchase price of these transactions, as it is in the process of obtaining an independent valuation of the assets and liabilities acquired, including identification of intangibles other than goodwill. Potential intangible assets that USA may identify include trade names and trademarks, supply agreements, customer relationships, technology and commercial arrangements. USA expects to complete the allocation of the purchase price during the fourth quarter of 2002. The Company has included an estimate of $32.1 million in the financial statements as amortization of intangibles expense based on preliminary reports obtained from the valuation experts for the three months ended September 30, 2002. In addition, the merger of USA and Ticketmaster (see Note 10) could result in additional amortization of intangibles for the step-up in basis.

Reported net earnings (loss) and basic and diluted net earnings (loss) per share adjusted to exclude amortization expense related to goodwill and other intangible assets with indefinite lives is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(In Thousands, except per share data)			
EARNINGS/ (LOSS) FROM CONTINUING OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS				
Reported earnings (loss) from continuing operations	$ (36,629)	$ (62,875)	$ (149,234)	$ (140,358)
Add: goodwill amortization	—	33,154	—	100,374
Net earnings (loss) from continuing operations—as adjusted	$ (36,629)	$ (29,721)	$ (149,234)	$ (39,984)
Basic and diluted earnings per share from continuing operations—as adjusted:				
Reported basic and diluted loss per share	$ (0.08)	$ (0.17)	$ (0.36)	$ (0.38)
Add: goodwill amortization	—	0.09	—	0.27
Adjusted basic and diluted net earnings per share	$ (0.08)	$ (0.08)	$ (0.36)	$ (0.11)
NET INCOME/ (LOSS) AVAILABLE TO COMMON SHAREHOLDERS				
Reported net income (loss)(a)	$ (36,629)	$ 427,576	$ 1,796,491	$ 440,557
Add: goodwill amortization	—	43,395	—	132,445
Net income (loss)—as adjusted	$ (36,629)	$ 470,971	$ 1,796,491	$ 573,002
Basic and diluted earnings per share—as adjusted:				
Reported basic and diluted loss per share	$ (0.08)	$ 1.14	$ 4.29	$ 1.18
Add: goodwill amortization	—	0.11	—	0.36
Adjusted basic and diluted net earnings per share	$ (0.08)	$ 1.25	$ 4.29	$ 1.54

(a) Includes cumulative effect of accounting change in 2002 related to the adoption of FAS 142, and in 2001 related to the adoption of SOP 00-2.

The following table presents the balance of goodwill by segment, including the changes in carrying amount of goodwill for the nine months ended September 30, 2002 (in thousands):

	Balance as of January 1, 2002	Additions	Foreign Exchange Translation	Adoption of FAS 142	Balance as of September 30, 2002
HSN-US	$ 1,162,575	$ 1,737,747	$ —	$ —	$ 2,900,322
Ticketing	729,442	6,485	1,459	—	737,386
Match.com	45,738	17,999	445	—	64,182
Hotels.com	362,464	40	—	—	362,504
Expedia	—	943,491	—	—	943,491
Interval	—	563,887	—	—	563,887
PRC(a)	696,778	—	—	(384,455)	312,323
Citysearch and related(b)	58,994	—	—	(58,994)	—
TVTS	—	142,405	—	—	142,405
International TV shopping & other	14,138	254,283	—	—	268,421
USA Electronic Commerce Solutions LLC/Styleclick	—	—	—	—	—
Goodwill	$ 3,070,129	$ 3,666,337	$ 1,904	$ (443,449)	$ 6,294,921

(a) In addition, in the second quarter of 2002, USA recorded a further write-down of $22.2 million related to PRC. The write-down resulted from contingent purchase price recorded in the second quarter.

(b) The total write-down of Citysearch goodwill and intangible assets upon adoption of FAS 142 was $114.8 million. $59.0 million was written off against the balance of goodwill, and $55.8 million was written off against intangible assets.

NOTE 7—RESTRUCTURING CHARGES

Restructuring related expenses were $71.6 million ($34.7 million impacting Adjusted EBITDA) in the nine months ended September 30, 2002 compared to $13.5 million ($7.2 million impacting Adjusted EBITDA) in the nine months ended September 30, 2001. The 2002 amounts relate to various initiatives across business segments, including $16.2 million for ECS related to rationalizing the business, $14.8 million for HSN-International related to the shut-down of HSN-Espanol, the Company's Spanish language electronic retailing operation, $9.3 million for PRC related principally to the shut-down of three call centers and employee terminations and $31.4 million related to HSE-Italy. Costs that relate to ongoing operations are not part of the restructuring charges and are not included in "Restructuring Charges" on the statement of operations. Furthermore, all one-time inventory and accounts receivable adjustments that may result from the actions are classified as operating expenses in the statement of operations. The 2001 amounts relate to the restructuring of the operations of Styleclick and the reduction of the work force and capacity of PRC.

NOTE 7—RESTRUCTURING CHARGES (Continued)

For the nine months ended September 30, 2002, the charges associated with the restructurings were as follows (in thousands):

Continuing lease obligations	$ 12,479
Asset impairments	5,497
Employee termination costs	4,981
Write-down of prepaid cable distribution fees	10,852
HSE-Italy	31,411
Other	6,405
	$ 71,625

Continuing lease obligations primarily relate to excess call center, warehouse and office space of PRC and ECS. Asset impairments relates primarily to leasehold improvements that are being abandoned. Prepaid cable distribution fees relate to non-refundable upfront amounts paid by HSN-Espanol for carriage, primarily in Mexico.

As of September 30, 2002, the Company has a balance of $22.9 million accrued, as $43.0 million of the charge related to assets that had been written off and $5.7 million was paid during the year related to the restructuring reserve.

NOTE 8—CONTRIBUTION OF THE USA ENTERTAINMENT GROUP TO VUE

On May 7, 2002, USA completed its previously announced transaction with Vivendi to create a joint venture called VUE. VUE is controlled by Vivendi and its subsidiaries, with the common interests owned 93.06% by Vivendi, 5.44% by USA and 1.5% by Mr. Diller, Chairman and CEO of USA (economic interests in

a portion of his common interests have been assigned by Mr. Diller to three executive officers of USA.).

In connection with the VUE Transaction, USA and its subsidiaries received the following at the closing: (i) approximately $1.62 billion in cash, debt-financed by VUE, subject to tax-deferred treatment for a 15-year period, (ii) a $750 million face value Class A preferred interest in VUE, with a 5% annual paid-in-kind dividend and a 20-year term, to be settled in cash at its then face value at maturity; (iii) a $1.75 billion face value Class B preferred interest in VUE, with a 1.4% annual paid-in-kind dividend, a 3.6% annual cash dividend, callable and puttable after 20 years, to be settled by Universal Studios, Inc. ("Universal") at its then accreted face value with a maximum of approximately 56.6 million USA common shares, provided that Universal may substitute cash in lieu of shares of USA common stock (but not USA Class B common stock), at its election; (iv) a 5.44% common interest in VUE, generally callable by Universal after five years and puttable by USA after eight years, which may be settled in either Vivendi stock or cash, at Universal's election, and (v) a cancellation of Universal's USANi LLC interests that were exchangeable into USA common shares including USANi LLC interests obtained from Liberty in connection with a related transaction. In connection with the transaction, USA retired approximately 320.9 million USANi LLC shares previously owned by Vivendi, thereby reducing USA's fully diluted shares to approximately 472 million shares as of June 30, 2002.

Related to the transaction, Liberty exchanged 7,079,726 shares of USANi LLC for shares of USA common stock, and subsequently transferred to Universal 25 million shares of USA common stock, its remaining 38,694,982 shares of USANi LLC, as well as the assets and liabilities of Liberty Programming France (which consist primarily of 4,921,250 shares of multiThematiques S.A., a French entity), in exchange for 37,386,436 Vivendi ordinary shares.

USA contributed to VUE USA Cable, which includes USA Network, SCI FI Channel, TRIO and Newsworld International; Studios USA, which produces and distributes television programming; USA Films, which produces and distributes films. Vivendi contributed the film, television and theme park businesses of its subsidiary, Universal Studios, Inc. In addition, USA issued to a subsidiary of Vivendi ten-year warrants to acquire shares of USA common stock as follows: 24,187,094 shares at $27.50 per share; 24,187,094 shares at $32.50 per share; and 12,093,547 shares at $37.50 per share. Barry Diller, USA's chairman and chief executive officer, received a common interest in VUE with a 1.5% profit sharing percentage, with a minimum value of $275.0 million (economic interests in a portion of his common interests have been assigned by Mr. Diller to three executive officers of USA), in return for his agreeing to specified non-competition provisions and agreeing to serve as chairman and chief executive officer of VUE. USA and Mr. Diller have agreed that they will not compete with Vivendi's television and filmed entertainment businesses (including VUE) for a minimum of 18 months. The transaction has been accounted for as an asset sale.

USA's contribution of businesses to VUE and the receipt of consideration by USA results in an after tax gain of $2.4 billion. The gain was determined as follows (in thousands):

Estimated fair value:		
Class A preferred interest in VUE	$	514,000
Class B preferred interest in VUE		1,428,530
Common interest in VUE		1,000,000
Cash		1,618,710
Estimated step-up in fair value of Home Shopping resulting from cancellation of LLC shares		1,213,876
Total book value of consideration		5,775,116
Entertainment net assets sold, net of minority interest		(498,046)
Transaction costs		(29,544)
Pre tax gain		5,247,526
Tax provided at 39.225%		(2,058,342)
Taxable gain before allocation to warrant value		3,189,184
Fair value of warrants		(810,873)
Gain on transaction	$	2,378,311

In a press release dated August 14, 2002, Vivendi announced its unaudited, preliminary income statement data, presented on a French GAAP basis for the period ending June 30, 2002. The press release stated that "in light of deteriorating economic conditions since December 2001 and the impact of higher financing costs for the company, management has recorded a preliminary impairment

charge", with an amount associated to VUE of 2.6 billion euros as of June 30, 2002. The press release further stated that the reported adjustment "reflects Vivendi management's opinion of the fair value of the core assets on a permanent ongoing concern basis with Vivendi". USA owns various securities in VUE, including a 5.44% common interest, with USA's common interest subject to a call right beginning in 2007, and USA having a put right beginning in 2010, in both cases based on private market values at the time. USA believes that its circumstances, including its financing cost, are, at present, very different than Vivendi's, and that the entertainment assets have significant long-term value, although market valuations of media assets have declined since the close of the VUE transaction on May 7, 2002. USA believes that it is too early to determine whether potential declines in its VUE common interest are other than temporary and will assess the carrying value of the VUE securities on a continuing basis. USA believes that the action taken by Vivendi has no bearing on the value of its preferred partnership interests in VUE, which are senior to the common interests.

To the extent that USA management subsequently determines that the declines are other than temporary, USA may take an equity write-down of its common interest to fair value. Furthermore, USA may record an equity loss for its proportionate common interest in VUE, if the venture also records a write-down of the assets under US GAAP.

USA did record a $2.7 million equity loss in the third quarter of 2002 relating to VUE's results of operations. USA will record its income or loss in the partnership on a one quarter lag.

NOTE 9—DISCONTINUED OPERATIONS

The USA Entertainment Group, which was contributed to VUE on May 7, 2002, is presented as discontinued operations for all applicable periods presented. The revenues and net income, net of the effect of minority interest for the USA Entertainment Group, were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(In Thousands)			
Net revenue	$ —	$ 419,816	$ 593,450	$ 1,423,764
Income before tax and minority interest	—	110,733	135,837	347,022
Tax expense	—	(22,779)	(24,719)	(67,628)
Minority interest	—	(65,521)	(82,315)	(207,139)
Net income	$ —	$ 22,433	$ 28,803	$ 72,255

During the three months ended March 31, 2001, USA Entertainment Group recorded expense of $9.2 million related to the cumulative effect of adoption of SOP 00-2 "Accounting By Producers or Distributors of Films."

NOTE 10—NOTES OFFERING AND GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

In December 2002, the Company initiated an offering of Senior (the "Offered Notes"). The Offered Notes, by their terms, are fully and unconditionally guaranteed by USANi LLC (the "Guarantor"). USANi LLC is wholly owned, directly or indirectly, by the Company.

The following tables present condensed consolidating financial information for the nine months ended September 30, 2002 and 2001 for: (1) the Company on a stand-alone basis, (2) the Guarantor, USANi LLC, on a stand-alone basis, (3) the combined non-guarantor subsidiaries of the Company (including the subsidiaries of USANi LLC (collectively, the "Non-Guarantor Subsidiaries")) and (4) the Company on a consolidated basis.

As of and for the Nine Months Ended September 30, 2002

	USA	USANi LLC	Non-Guarantor Subsidiaries	Total Eliminations	USA Consolidated
			(In Thousands)		
Balance Sheet as of September 30, 2002:					
Current Assets	$ (2,313)	$ 1,925,213	$ 1,951,474	$ —	$ 3,874,374
Property and equipment, net	—	20,850	413,414	—	434,264
Goodwill and other intangible assets, net	—	2,260	7,007,118	—	7,009,378
Investment in subsidiaries	6,335,472	3,219,045	—	(9,554,517)	—
Other assets	310,084	2,827,547	246,501	—	3,384,132
Total assets	$ 6,643,243	$ 7,994,915	$ 9,618,507	$ (9,554,517)	$ 14,702,148
Current liabilities	$ 63,021	$ 27,785	$ 1,596,757	$ —	$ 1,687,563
Long-term debt, less current portion	—	498,718	9,519	—	508,237
Other liabilities	2,212,927	—	78,721	—	2,291,648
Intercompany liabilities	(4,837,452)	4,685,710	151,742	—	—
Minority interest	—	—	514,401	495,552	1,009,953
Common stock exchangeable for preferred interest	1,428,530	—	—	—	1,428,530
Interdivisional equity	—	—	7,267,367	(7,267,367)	—
Stockholders' equity	7,776,217	2,782,702	—	(2,782,702)	7,776,217
Total liabilities and stockholders equity	$ 6,643,243	$ 7,994,915	$ 9,618,507	$ (9,554,517)	$ 14,702,148

	USA	USANi LLC	Non-Guarantor Subsidiaries	Total Eliminations	USA Consolidated

	(In Thousands)				
Statement of operations for the three months ended September 30, 2002					
Revenue	$ —	$ —	$ 1,192,496	$ —	$ 1,192,496
Operating expenses	(246)	(14,477)	(1,172,010)	—	(1,186,733)
Interest expenses, net	5,315	20,226	2,417	—	27,958
Other income, expense	(38,434)	(40,427)	(3,859)	64,638	(18,082)
Provision for income taxes	—	—	(31,849)	—	(31,849)
Minority interest	—	—	(717)	(16,438)	(17,155)
Income (loss)	(33,365)	(34,678)	(13,522)	48,200	(33,365)
Preferred dividend	(3,264)	—	—	—	(3,264)
Net income (loss) available to common	$ (36,629)	$ (34,678)	$ (13,522)	$ 48,200	$ (36,629)

	USA	USANi LLC	Non-Guarantor Subsidiaries	Total Eliminations	USA Consolidated
	(In Thousands)				
Statement of operations for the nine months ended September 30, 2002					
Revenue	$ —	$ —	$ 3,282,236	$ —	$ 3,282,236
Operating expenses	(4,878)	(31,134)	(3,218,246)	—	(3,254,258)
Interest expenses, net	14,110	22,018	3,501	—	39,629
Other income, expense	(149,971)	(205,733)	(118,966)	342,695	(131,975)
Provision for income taxes	—	—	(58,407)	—	(58,407)
Minority interest	—	—	2,300	(20,264)	(17,964)
Net income (loss) from continuing operations	(140,739)	(214,849)	(107,582)	322,431	(140,739)
Gain on contribution of USA Entertainment to VUE	2,378,311	—	—	—	2,378,311
Discontinued operations, net of tax	28,803	33,237	29,044	(62,281)	28,803
Cumulative effect of accounting change, net of tax and minority interest	(461,389)	—	(461,389)	461,389	(461,389)
Income (loss)	1,804,986	(181,612)	(539,927)	721,539	1,804,986
Preferred dividend	(8,495)	—	—	—	(8,495)
Net income (loss) available to common	$ 1,796,491	$ (181,612)	$ (539,927)	$ 721,539	$ 1,796,491

	USA	USANi LLC	Non-Guarantor Subsidiaries	Total Eliminations	USA Consolidated
	(In Thousands)				
Cash flow for the nine months ended September 30, 2002					
Cash flow provided by (used in) operations	$ (28,228)	$ (6,806)	$ 489,248	$ —	$ 454,214
Cash flow providedby (used in) investing activities	2,406	(374,287)	(425,295)	47,000	(750,176)
Cash flow provided by (used in) financing activities	25,822	(384,019)	384,997	(47,000)	(20,200)
Net Cash provided by (used in) Discontinued Operations	—	—	5,351	—	5,351
Effect of exchange rate changes on cash and cash equivalents	—	—	7,847	—	7,847
Cash at beginning of period	—	789,464	188,913	—	978,377
Cash at end of period	$ —	$ 24,352	$ 651,061	$ —	$ 675,413

	USA	USANi LLC	Non-Guarantor Subsidiaries	Total Eliminations	USA Consolidated
Statement of operations for the three months ended September 30, 2001					
Revenue	$ —	$ —	$ 837,839	$ —	$ 837,839
Operating expenses	(3,411)	(16,031)	(898,328)	—	(917,770)
Interest expenses, net	(5,253)	2,455	(419)	—	(3,217)
Other income, expense	(54,211)	(13,418)	(12,938)	67,630	(12,937)

Provision for income taxes	—	—	878	—	878
Minority interest	—	—	15,296	17,036	32,332
Net income (loss) from continuing operations	(62,875)	(26,994)	(57,672)	84,666	(62,875)
Gain on disposal of Broadcasting stations	468,018	—	—	—	468,018
Discontinued operations, net of tax	22,433	23,489	24,270	(47,759)	22,433
Earnings (loss)	427,576	(3,505)	(33,402)	36,907	427,576
Preferred dividend	—	—	—	—	—
Net earnings (loss) available to common	$ 427,576	$ (3,505)	$ (33,402)	$ 36,907	$ 427,576

	USA	USANi LLC	Non-Guarantor Subsidiaries	Total Eliminations	USA Consolidated
			(In Thousands)		
Statement of operations for the nine months ended September 30, 2001					
Revenue	$ —	$ —	$ 2,520,354	$ —	$ 2,520,354
Operating expenses	(8,481)	(46,781)	(2,646,238)	—	(2,701,500)
Interest expenses, net	(18,195)	5,665	(478)	—	(13,008)
Other income, expense	(113,682)	(30,707)	(25,407)	144,390	(25,406)
Provision for income taxes	—	—	(3,563)	—	(3,563)
Minority interest	—	—	38,268	44,497	82,765
Earnings (loss) from continuing operations	(140,358)	(71,823)	(117,064)	188,887	(140,358)
Gain on disposal of Broadcasting stations	517,847	—	—	—	517,847
Discontinued operations, net of tax	72,255	77,283	74,078	(151,361)	72,255
Cumulative effect of accounting change, net of tax and minority interest	(9,187)	—	(9,187)	9,187	(9,187)
Earnings (loss)	440,557	5,460	(52,173)	46,713	440,557
Preferred dividend	—	—	—	—	—
Net earnings (loss) available to common	$ 440,557	$ 5,460	$ (52,173)	$ 46,713	$ 440,557
Cash flow for the nine months ended September 30, 2001					
Cash flow provided by (used in) operations	$ (18,398)	$ (9,300)	$ 227,327	$ —	$ 199,629
Cash flow provided by (used in) investing activities	53,756	(4,367)	118,928	—	168,317
Cash flow provided by (used in) financing activities	(35,358)	608,814	(509,131)	—	64,325
Net Cash provided by (used in) Discontinued Operations	—	—	226,691	—	226,691
Effect of exchange rate changes on cash and cash equivalents	—	(278)	(3,148)	—	(3,426)
Cash at beginning of period	—	78,079	166,144	—	244,223
Cash at end of period	$ —	$ 672,948	$ 226,811	$ —	$ 899,759

NOTE 11—SUBSEQUENT EVENT—USA AND TICKETMASTER MERGER

USA and Ticketmaster announced on October 10, 2002 that they have entered into an agreement by which Ticketmaster would be merged with USA. The agreement followed the unanimous recommendation of an independent Special Committee of the Ticketmaster Board. USA, which is now the controlling shareholder and majority owner of Ticketmaster, would acquire all Ticketmaster shares that it does not presently own in a tax-free transaction.

Under the agreement, Ticketmaster shareholders would receive 0.935 of a share of USA common stock for each share of Ticketmaster common stock that they own. Based on the current number of Ticketmaster shares outstanding, USA would issue to Ticketmaster public shareholders approximately 45.1 million shares upon the closing of the transaction, which is anticipated by the fourth quarter of 2002 or the first quarter of 2003. Furthermore, based on the current number of options and warrants outstanding, USA would issue approximately 10.0 million stock options and 4.2 million warrants.

Each broker-dealer that receives exchange notes for its own account under the exchange offer must acknowledge that it will deliver a prospectus as part of any resale of the exchange notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer as part of resales of exchange notes received in exchange for old 7% notes where the old 7% notes were acquired as a result of market-making

activities or other trading activities. We have agreed that for a period of 90 days after the expiration date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use upon any such resale. See "*Plan of Distribution.*"

$750,000,000

**Offer for All Outstanding 7% Senior Notes due 2013
in Exchange for 7% Senior Notes due 2013,
Which Have Been Registered Under
the Securities Act of 1933**

PROSPECTUS

[•], 2003

PART II—INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

USA Interactive's Restated Certificate of Incorporation, as amended, limits, to the maximum extent permitted by Delaware law, the personal liability of directors for monetary damages for breach of their fiduciary duties as a director. USA Interactive's Amended and Restated By-Laws provide that the directors and officers (and legal representatives of such directors and officers) will be indemnified to the fullest extent authorized by the Delaware General Corporation Law with respect to third-party actions, suits, investigations or proceedings provided that any such person has met the applicable standard of conduct set forth in the Delaware General Corporation Law described below. USA Interactive's Amended and Restated By-Laws further provide that directors and officers (and legal representatives of such directors and officers) will be indemnified with respect to actions or suits initiated by such person only if such action was first approved by the board of directors. USA Interactive's Amended and Restated By-Laws allow USA Interactive to pay all expenses incurred by a director or officer (or legal representatives of such directors or officers) in defending any proceeding in which the scope of the indemnification provisions as such expenses are incurred in advance of its final disposition, upon an undertaking by such party to repay such expenses, if it is ultimately determined that such party was not entitled to indemnity by USA Interactive. From time to time, officers and directors may be provided with indemnification agreements that are consistent with the foregoing provisions. USA Interactive has policies of directors' and officers' liability insurance which insure directors and officers against the costs of defense, settlement and/or payment of judgment under certain circumstances. USA Interactive believes that these agreements and arrangements are necessary to attract and retain qualified persons as directors and officers.

Section 145 of the General Delaware General Corporation Law provides that a corporation may indemnify a director, officer, employee or agent who was or is a party, or is threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he was a director, officer, employee or agent of the corporation or was serving at the request of the corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Item 21. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number	Description
4.1	Indenture, dated as of December 16, 2002, by and among USA Interactive, USANi LLC, as Guarantor, and JPMorgan Chase Bank, as Trustee.
4.2	Form of 7% Senior Notes due 2013 (included as Exhibit B to Exhibit 4.1).
4.3	Exchange and Registration Rights Agreement, dated as of December 16, 2002, by and among USA Interactive, USANi LLC, as Guarantor, and Lehman Brothers Inc. and J.P. Morgan Securities, Inc., as Initial Purchasers.
5.1	Form of Opinion of Covington & Burling as to the validity of the notes being issued.
12.1	Statement re: Computation of Ratio of Earnings to Fixed Charges.
23.1	Consent of Ernst & Young LLP.
23.2	Consent of Deloitte & Touche LLP.

23.3	Consent of Covington & Burling (included in Exhibit 5.1 hereto).
24.1	Powers of Attorney for USA Interactive.

24.2	Powers of Attorney for USANi LLC.
25.1	Statement of Eligibility of Trustee on Form T-1 related to the notes.
99.1	Form of Letter of Transmittal.
99.2	Form of Notice of Guaranteed Delivery.
99.3	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
99.4	Form of Letter to Clients.

Item 22. Undertakings.

The undersigned Registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(b) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in the documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(c) To supply by means of a post-effective amendment all information concerning a transaction that was not the subject of and included in the registration statement when it became effective.

Insofar as indemnification by the Registrant for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that, in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, USA Interactive has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of New York, State of New York, on January 24, 2003.

USA INTERACTIVE

By: /s/ DARA KHOSROWSHAHI

Dara Khosrowshahi
Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated as of January 24, 2003.

Signature	Title
*	
Barry Diller	Chairman of the Board, Chief Executive Officer and Director
*	
Victor A. Kaufman	Vice Chairman and Director
*	
William J. Severance	Vice President and Controller (Chief Accounting Officer)
*	
Dara Khosrowshahi	Executive Vice President and Chief Financial Officer
*	
Robert R. Bennett	Director
*	
Edgar Bronfman, Jr.	Director

*	Director
Anne M. Busquet	
*	
Jean-René Fourtou	Director

*	
Donald R. Keough	Director
*	
Marie-Josée Kravis	Director
*	
John C. Malone	Director
*	
Gen. H. Norman Schwarzkopf	Director
*	
Diane Von Furstenberg	Director

*By: /s/ DARA KHOSROWSHAHI

Dara Khosrowshahi
Attorney-In-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act, USANi LLC has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of New York, State of New York, on January 24, 2003.

USANi LLC

By: /s/ DARA KHOSROWSHAHI

Dara Khosrowshahi
President

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated as of January 24, 2003.

Signature	Title
/s/ DARA KHOSROWSHAHI	
Dara Khosrowshahi	President, Principal Executive Officer and Director
/s/ WILLIAM J. SEVERANCE	
William J. Severance	Vice President and Controller (Chief Financial Officer and Chief Accounting Officer)
/s/ DAVID ELLEN	
David Ellen	Director

EXHIBIT INDEX

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99.1	Form of Letter of Transmittal.
99.2	Form of Notice of Guaranteed Delivery.
99.3	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
99.4	Form of Letter to Clients.

QuickLinks

EXHIBIT 4.1

USA INTERACTIVE,

as Issuer

USANi LLC,

as Guarantor

AND

JPMORGAN CHASE BANK,

as Trustee

7.00% Senior Notes Due 2013

INDENTURE

Dated as of December 16, 2002

CROSS-REFERENCE TABLE

Certain Sections of this Indenture relating to Sections 310 through 318, inclusive, of the Trust Indenture Act of 1939:

TIA Section	Indenture Section
310(a)(1)	7.9; 7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(b)	7.8; 7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.5
(b)	11.3
(c)	11.3
313(a)	7.6
(b)(1)	N.A.
(b)(2)	7.6
(c)	7.6
(d)	7.6
314(a)	4.7 4.3; 11.2
(b)	N.A.
(c)(1)	11.3
(c)(2)	11.3
(c)(3)	N.A.
(d)	N.A.
(e)	11.5
(f)	4.3
315(a)	7.1
(b)	7.5
(c)	7.1
(d)	7.1
(e)	6.11
316(a)(last sentence)	11.6
(a)(1)(A)	6.5

(a)(1)(B)	6.4
(a)(2)	N.A.
(b)	6.7
317(a)(1)	6.8
(a)(2)	6.9
(b)	2.4
318(a)	11.1

N.A. means Not Applicable.

Note: This Cross-Reference Table shall not, for any purpose, be deemed to be part of this Indenture.

TABLE OF CONTENTS

INDENTURE, dated as of December 16, 2002, among USA Interactive, a Delaware corporation (the "*Issuer*"), USANi LLC, a limited liability company organized under the laws of the state of Delaware (the "Guarantor"), and JPMorgan Chase Bank, a New York banking corporation, as trustee (the "*Trustee*").

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of Holders of the Issuer's 7.00% Senior Notes due 2013 (the "*Initial Securities*") and, if and when issued in exchange for Initial Securities as provided in the Registration Rights Agreement, the Issuer's 7.00% Senior Notes due 2013 (the "*Exchange Securities*" and, together with the Initial Securities and any Additional Securities, the "*Securities*"):

ARTICLE I

Definitions and Incorporation by Reference

SECTION 1.1. *Definitions.*

"Additional Interest" shall have the meaning assigned to such term in the Registration Rights Agreement.

"Additional Securities" means 7.00% Senior Notes due 2013 issued from time to time after the Issue Date under the terms of this Indenture (other than pursuant to Sections 2.6, 2.10, 2.12, 3.6 and 9.5 of this Indenture, in the case of Securities that are not already Additional Securities, and other than Exchange Securities issued pursuant to an exchange offer for the other Securities outstanding under this Indenture).

"Board of Directors" or "Board" means, with respect to any Person, the Board of Directors of such Person or any committee thereof duly authorized to act on behalf of such Board of Directors.

"Business Day" means a day which is not, in New York City, a Saturday, Sunday, legal holiday or other day on which banking institutions are authorized or obligated by law to close.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, partnership interests and limited liability company membership interests, but excluding any debt securities convertible into such equity.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consolidated Net Assets" means, as to the Issuer, as of any particular time the aggregate amount of assets of the Issuer and its consolidated Subsidiaries at the end of the most recently completed fiscal quarter after deducting therefrom, to the extent otherwise included, all current liabilities except for (a) notes and loans payable, (b) current maturities of long-term debt and (c) current maturities of obligations under capital leases, all as set forth on the consolidated balance sheet of the Issuer and its consolidated Subsidiaries as of the end of such fiscal quarter (which may be year end) and computed in accordance with GAAP.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. A Person shall be deemed to Control another Person if such Person (i) is an officer or director of such other Person or (ii) directly or indirectly owns or controls 10% or more of such other Person's capital stock. "Controlling" and "Controlled" have meanings correlative thereof.

"Corporate Trust Office" means the principal office of the Trustee at which, at any particular time, its corporate trust business shall be administered; which office at the date of the execution of this instrument is located at 4 New York Plaza, 15th Floor, New York, New York 10004, Attention: Institutional Trust Services or at any other time at such other address as the Trustee may designate from time to time by notice to the Holders.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"DTC" means The Depository Trust Company, its nominees and their respective successors and assigns.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time.

"guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided, however*, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Guarantee" means the guarantee of payment of the Securities by the Guarantor pursuant to the terms of this Indenture.

"Holder" or "Securityholder" means the Person in whose name a Security is registered on the Registrar's books.

"Incur" means issue, assume, guarantee, incur or otherwise become liable for.

"Indebtedness" means, with respect to any Person, obligations (other than Non-Recourse Obligations, the Securities or the Guarantee) of such Person for borrowed money or evidenced by bonds, debentures, notes or similar instruments.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Initial Purchasers" means Lehman Brothers Inc. and J.P. Morgan Securities Inc.

"Issue Date" means December 16, 2002.

"Nonrecourse Obligation" means indebtedness or other obligations substantially related to (i) the acquisition of assets not previously owned by the Issuer, the Guarantor or any of their respective Subsidiaries or (ii) the financing of a project involving the development or expansion of properties of the Issuer, the Guarantor or any of their respective Subsidiaries, as to which the obligee with respect to such indebtedness or obligation has no recourse to the Issuer, the Guarantor or any of their respective Subsidiaries or any assets of the Issuer, the Guarantor or any of their respective Subsidiaries other than the assets which were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and the proceeds thereof).

"Officer" means the Chairman of the Board, the Chief Executive Officer, the President, the Vice Chairman, any Vice President, the Treasurer, the Chief Financial Officer or the Secretary of the Issuer, as applicable.

"Officers' Certificate" means a certificate signed by any two Officers of the Issuer.

"Old Indenture" means the Indenture, dated as of November 13, 1998, as amended from time to time, among the Issuer, the Guarantor, the guarantors parties thereto and The Chase Manhattan Bank (now JPMorgan Chase Bank), as trustee, relating to the Old Notes.

"Old Notes" means the $500,000,000 aggregate principal amount of the $6^{3}/_{4}$% Senior Notes due 2005 co-issued by the Issuer and the Guarantor pursuant to the Old Indenture.

"Opinion of Counsel" means a written opinion from Covington & Burling or any other legal counsel to the Issuer who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Principal" means the principal of the Security plus the premium, if any, payable on the Security which is due or overdue or is to become due at the relevant time; *provided*, *however*, that for purposes of calculating any such premium, the term "principal" shall not include the premium with respect to which such calculation is being made.

"Purchase Agreement" means the Purchase Agreement dated December 11, 2002 among the Issuer, the Guarantor and the Initial Purchasers.

"Registered Exchange Offer" means the offer by the Issuer, pursuant to the Registration Rights Agreement, to certain Holders of Initial Securities, to issue and deliver to such Holders, in exchange for the Initial Securities and the Guarantee, a like aggregate principal amount of Exchange Securities and any guarantee thereof registered under the Securities Act.

"Registration Rights Agreement" means the Exchange and Registration Rights Agreement, dated as of December 16, 2002, among the Issuer, the Guarantor and the Initial Purchasers.

"Restricted Period" means the 40 consecutive days beginning on and including the later of (A) the day on which the Initial Securities are offered to persons other than distributors (as defined in Regulation S under the Securities Act) and (B) the Issue Date or the date on which any Additional Securities are originally issued in the form of Initial Securities as the case may be.

"Restricted Securities Legend" means the Private Placement Legend set forth in clause (A) of Section 2.1(c) or the Regulation S Legend set forth in clause (B) of Section 2.1(c), as applicable.

"SEC" means the U.S. Securities and Exchange Commission, or any successor agency.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Custodian" means the custodian with respect to a Global Security (as appointed by DTC), or any successor person thereto and shall initially be the Trustee.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the Issuer unless such contingency has occurred).

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled (within the meaning of

the first sentence of the definition of "Control"), by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"TIA" means the Trust Indenture Act of 1939 (15 *U.S.C.* §§ 77aaa-77bbbb) as in effect on the date of this Indenture; *provided, however*, that, in the event the Trust Indenture Act of 1939 is amended after such date, "TIA" means, to the extent required by any such amendments, the Trust Indenture Act of 1939 as so amended.

"Trustee" means the party named as such in this Indenture until a successor replaces it and, thereafter, means such successor.

"Trust Officer" means, when used with respect to the Trustee, any officer assigned to the Corporate Trust Office, including any vice president, second vice president, trust officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and having direct responsibility for the administration of this Indenture, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"Uniform Commercial Code" means the New York Uniform Commercial Code as in effect from time to time.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the Issuer's option.

SECTION 1.2. *Other Definitions.*

Term	Defined in Section
"Agent Members"	2.1(d)
"Affiliate"	11.6
"Authenticating Agent"	2.2
"Bankruptcy Law"	6.1
"covenant defeasance option"	8.1(b)
"Custodian"	6.1
"Definitive Securities"	2.1(e)
"Event of Default"	6.1
"Exchange Global Note"	2.1
"Exchange Securities"	Preamble
"Global Securities"	2.1(a)
"Guarantor"	Preamble
"Initial Securities"	Preamble
"Issuer Order"	2.2
"legal defeasance option"	8.1(b)
"Obligations"	10.1
"QIBs"	2.1(a)
"Paying Agent"	2.3
"Private Placement Legend"	2.1(c)
"Registrar"	2.3
"Regulation S"	2.1(a)
"Regulation S Global Note"	2.1
"Regulation S Legend"	2.1
"Regulation S Note"	2.1
"Release Date"	2.1
"Resale Restriction Termination Date"	2.6
"Rule 144A"	2.1(a)
"Rule 144A Global Note"	2.1
"Rule 144A Note"	2.1
"Securities"	Preamble
"Successor Company"	5.1

SECTION 1.3. *Incorporation by Reference of Trust Indenture Act.* This Indenture is subject to the mandatory provisions of the TIA which are incorporated by reference in and made a part of this Indenture. The following TIA terms have the following meanings:

"Commission" means the SEC.

"indenture securities" means the Securities.

"indenture security holder" means a Holder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the indenture securities means the Issuer and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by the TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

SECTION 1.4. *Rules of Construction.* Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) "including" means including without limitation;

(5) words in the singular include the plural and words in the plural include the singular;

(6) all references to (a) Initial Securities shall refer also to any Additional Securities issued in the form of Initial Securities and (b) Exchange Securities shall refer also to any Additional Securities issued in the form of Exchange Securities, in each case, pursuant to Section 2.16; and

(7) all references to the date the Securities were originally issued shall refer to the Issue Date or the date any Additional Securities were originally issued, as the case may be.

SECTION 1.5. *One Class of Securities.* The Initial Securities, any Additional Securities and the Exchange Securities shall vote and consent together on all matters as one class and none of the Initial Securities, any Additional Securities and the Exchange Securities shall have the right to vote or consent as a separate class on any matter. The Initial Securities, any Additional Securities and the Exchange Securities shall together be deemed to be a single series under this Indenture.

ARTICLE II

The Securities

SECTION 2.1. *Form and Dating.* (a) The Initial Securities are being offered and sold by the Issuer to the Initial Purchasers pursuant to the Purchase Agreement. The Initial Securities will be resold initially by the Initial Purchasers only to (A) qualified institutional buyers (as defined in Rule 144A under the Securities Act ("*Rule 144A*")) in reliance on Rule 144A ("*QIBs*") and (B) Persons other than U.S. Persons (as defined in Regulation S under the Securities Act ("Regulation S")) in reliance on Regulation S. Such Initial Securities may thereafter be transferred to among others, QIBs, purchasers in reliance on Regulation S of the Securities Act in accordance with the procedure described herein.

Initial Securities offered and sold to qualified institutional buyers in the United States of America in reliance on Rule 144A (the "*Rule 144A Note*") will be issued on the Issue Date in the form of a permanent global Security, without interest coupons, substantially in the form of *Exhibit A*, which is incorporated by reference and made a part of this Indenture, including appropriate legends as set forth in Section 2.1(c) (the "*Rule 144A Global Note*"), deposited with the Trustee, as custodian for DTC, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. The Rule 144A Global Note may be represented by more than one certificate, if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Rule 144A Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC or its nominee, as hereinafter provided.

Initial Securities offered and sold outside the United States of America (the "*Regulation S Note*") in reliance on Regulation S will be issued on the Issue Date in the form of a permanent global Security, without interest coupons, substantially in the form set forth in *Exhibit A*, which is incorporated by reference and made a part of this Indenture, including appropriate legends as set forth in Section 2.1(c) (the "*Regulation S Global Note*") deposited with the Trustee, as custodian for DTC, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. The Regulation S Global Note may be represented by more than one certificate, if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Regulation S Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC or its nominee, as hereinafter provided.

Exchange Securities exchanged for interests in a Rule 144A Note and a Regulation S Note will be issued in the form of a permanent global Security substantially in the form of *Exhibit B* hereto, which is hereby incorporated by reference and made a part of this Indenture, deposited with the Trustee as hereinafter provided, including the appropriate legend set forth in Section 2.1(c) (the "*Exchange Global Note*"). The Exchange Global Note may be represented by more than one certificate, if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate.

The Rule 144A Global Note, the Regulation S Global Note and the Exchange Global Note are sometimes collectively herein referred to as the "*Global Securities*."

The principal of (and premium, if any) and interest on the Securities shall be payable at the office or agency of the Issuer maintained for such purpose in The City of New York, or at such other office or agency of the Issuer as may be maintained for such purpose pursuant to Section 2.3; *provided*, *however*, that, at the option of the Issuer, each installment of interest may be paid by (i) check mailed to addresses of the Persons entitled thereto as such addresses shall appear on the Note Register or (ii) wire transfer to an account located in the United States maintained by the payee. Payments in respect of Securities represented by a Global Note (including principal, premium and interest) will be made by wire transfer of immediately available funds to the accounts specified by DTC.

(b) *Denominations.* The Securities shall be issuable only in fully registered form, without coupons, and only in denominations of $1,000 and any integral multiple thereof.

(c) *Restrictive Legends.* Unless and until (i) an Initial Security is sold under an effective registration statement or (ii) an Initial Security is exchanged for an Exchange Security in connection with an effective registration statement, in each case pursuant to the Registration Rights Agreement or a similar agreement,

(A) the Rule 144A Global Note shall bear the following legend (the "*Private Placement Legend*") on the face thereof:

"NEITHER THIS SECURITY NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY BENEFICIAL INTEREST HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS SECURITY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER, (B) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF ONE OR MORE OTHER QUALIFIED INSTITUTIONAL BUYERS IN ACCORDANCE WITH RULE 144A, (C) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 (AS APPLICABLE) OF REGULATION S UNDER THE SECURITIES ACT, (D) PURSUANT TO AN EXEMPTION FROM REGISTRATION IN ACCORDANCE WITH RULE 144 (IF AVAILABLE) OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT (IF AVAILABLE), IN EACH SUCH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTIONS. THE

HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE."; and

(B) the Regulation S Global Note shall bear the following legend (the "*Regulation S Legend*") on the face thereof:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (1) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (2) OTHERWISE UNTIL 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE SECURITY AND THE DATE OF ORIGINAL ISSUANCE OF THE SECURITY (THE "RESTRICTED PERIOD"), EXCEPT IN ACCORDANCE WITH REGULATION S OR RULE 144A (IF AVAILABLE) OR ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. DURING THE RESTRICTED PERIOD, BENEFICIAL INTERESTS IN THE SECURITY MAY BE TRANSFERRED ONLY THROUGH THE RESPECTIVE ACCOUNTS OF THE HOLDERS (OR SUCH OTHER ACCOUNTS AS THEY MAY DIRECT) AT THE EUROCLEAR SYSTEM, OR CLEARSTREAM BANKING, SOCIÉTÉ ANONYME."

(C) The Global Securities, whether or not an Initial Security, shall bear the following legend on the face thereof:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF."

(d) *Book-Entry Provisions.* (i) This Section 2.1(d) shall apply only to Global Securities deposited with the Trustee, as custodian for DTC.

(ii) Each Global Security initially shall (x) be registered in the name of DTC for such Global Security or the nominee of DTC, (y) be delivered to the Trustee as custodian for DTC and (z) bear legends as set forth in Section 2.1(c).

(iii) Members of, or participants in, DTC ("*Agent Members*") shall have no rights under this Indenture with respect to any Global Security held on their behalf by DTC or by the Trustee as the custodian of DTC or under such Global Security, and DTC may be treated by

the Issuer, the Trustee and any agent of the Issuer or the Trustee as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Trustee or any agent of the Issuer or the Trustee from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC and its Agent Members, the operation of customary practices of DTC governing the exercise of the rights of a holder of a beneficial interest in any Global Security.

(iv) In connection with any transfer of a portion of the beneficial interest in a Global Security pursuant to subsection (e) of this Section to beneficial owners who are required to hold Definitive Securities, the Securities Custodian shall reflect on its books and records the date and a decrease in the principal amount of such Global Security in an amount equal to the principal amount of the beneficial interest in the Global

Security to be transferred, and the Issuer shall execute, and the Trustee shall authenticate and deliver, one or more Definitive Securities of like tenor and amount.

(v) In connection with the transfer of an entire Global Security to beneficial owners pursuant to subsection (e) of this Section, such Global Security shall be deemed to be surrendered to the Trustee for cancellation, and the Issuer shall execute, and the Trustee shall authenticate and deliver, to each beneficial owner identified by DTC in exchange for its beneficial interest in such Global Security, an equal aggregate principal amount of Definitive Securities of authorized denominations.

(vi) The registered holder of a Global Security may grant proxies and otherwise authorize any person, including Agent Members and persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities.

(e) *Definitive Securities.* (i) Except as provided below, owners of beneficial interests in Global Securities will not be entitled to receive certificated Securities ("*Definitive Securities*"). If required to do so pursuant to any applicable law or regulation, beneficial owners may obtain Definitive Securities in exchange for their beneficial interests in a Global Security upon written request in accordance with DTC's and the Registrar's procedures. In addition, Definitive Securities shall be transferred to all beneficial owners in exchange for their beneficial interests in a Global Security if (a) DTC notifies the Issuer that it is unwilling or unable to continue as depositary for such Global Security or DTC ceases to be a clearing agency registered under the Exchange Act, at a time when DTC is required to be so registered in order to act as depositary, and in each case a successor depositary is not appointed by the Issuer within 90 days of such notice or, (b) the Issuer executes and delivers to the Trustee and Registrar an Officers' Certificate stating that such Global Security shall be so exchangeable or (c) an Event of Default has occurred and is continuing and the Registrar has received a request from DTC.

(ii) Any Definitive Security delivered in exchange for an interest in a Global Security pursuant to Section 2.1(d)(iv) or (v) shall, except as otherwise provided by Section 2.6(c), bear the applicable legend regarding transfer restrictions applicable to the Definitive Security set forth in Section 2.1(c).

SECTION 2.2 *Execution and Authentication.* An Officer of the Issuer shall sign the Securities for the Issuer by manual or facsimile signature and may be imprinted or otherwise reproduced.

If an Officer whose signature is on a Security no longer holds that office at the time the Trustee authenticates the Security, the Security shall be valid nevertheless.

A Security shall not be valid until an authorized signatory of the Trustee manually authenticates the Security. The signature of the Trustee on a Security shall be conclusive evidence that such Security has been duly and validly authenticated and issued under this Indenture.

At any time and from time to time after the execution and delivery of this Indenture, the Trustee shall authenticate and make available for delivery: (1) Initial Securities for original issue on the Issue Date in an aggregate principal amount of $750.0 million, (the "*Original Securities*"), (2) any Additional Securities for original issue from time to time after the Issue Date in such principal amounts as set forth in Section 2.16 and (3) any Exchange Securities for issue only in exchange for a like principal amount of Initial Securities, in each case upon a written order of the Issuer signed by two Officers of the Issuer or by one Officer and an Assistant Treasurer or Assistant Secretary of the Issuer (an "*Issuer Order*"). Such Issuer Order shall specify the amount of the Securities to be authenticated and the date on which the original issue of Securities is to be authenticated and whether the Securities are to be Initial Securities or Exchange Securities. The initial aggregate principal amount of notes which may be authenticated and delivered under this Indenture is limited to $750.0 million. Additionally, the Issuer may from time to time, without notice to or consent of the Holders, issue such additional principal amounts of Additional Securities as may be issued and authenticated pursuant to clause (2) of this paragraph, and Securities authenticated and delivered upon registration or transfer of, or in exchange for, or in lieu of, other Securities of the same class pursuant to Section 2.6, Section 2.10, Section 2.11, Section 3.6, Section 9.5 and except for transactions similar to the Registered Exchange Offer.

The Trustee may appoint an agent (the "*Authenticating Agent*") reasonably acceptable to the Issuer to authenticate the Securities. Unless limited by the terms of such appointment, any such Authenticating Agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent.

In case the Issuer or the Guarantor, in each case pursuant to Article V, shall be consolidated or merged with or into any other Person or shall convey, transfer, lease or otherwise dispose of its properties and assets substantially as an entirety to any Person, and the successor Person resulting from such consolidation, or surviving such merger, or into which the Issuer or the Guarantor shall have been merged, or the Person which shall have received a conveyance, transfer, lease or other disposition as aforesaid, shall have executed an indenture supplemental hereto (if not otherwise a party to the Indenture) with the Trustee pursuant to Article V, any of the Securities authenticated or delivered prior to such consolidation, merger, conveyance, transfer, lease or other disposition may, from time to time, at the request of the successor Person, be exchanged for other Securities executed in the name of the successor Person with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor as the Securities surrendered for such exchange and of like principal amount; and the Trustee, upon Issuer Order of the successor Person, shall authenticate and deliver Securities as specified in such order for the purpose of such exchange. If Securities shall at any time be authenticated and delivered in any new name of a successor Person (if other than the Issuer or the Guarantor) pursuant to this Section 2.2 in exchange or substitution for or upon registration of transfer of any Securities, such successor Person (if other than the Issuer or the Guarantor), at the option of the Holders but without expense to them, shall provide for the exchange of all Securities at the time outstanding for Securities authenticated and delivered in such new name.

SECTION 2.3 *Registrar and Paying Agent.* The Issuer shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange (the "*Registrar*") and an office or agency where Securities may be presented for payment (the "*Paying Agent*"). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Issuer may have one or more additional paying agents. The term "Paying Agent" includes any such additional paying agent.

In the event the Issuer shall retain any Person not a party to this Indenture as an agent hereunder, the Issuer shall enter into an appropriate agency agreement with any Registrar or Paying Agent not a party to this Indenture, which shall incorporate the terms of the TIA. The agreement shall implement the provisions of this Indenture that relate to such agent. The Issuer shall notify the Trustee of the name and address of each such agent. If the Issuer fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to

Section 7.7. The Issuer shall be responsible for the fees and compensations of all agents appointed or approved by it. Either the Issuer or any of its domestically incorporated wholly owned Subsidiaries may act as Paying Agent.

The Issuer initially appoints the Trustee as Registrar and Paying Agent for the Securities.

SECTION 2.4 *Paying Agent To Hold Money in Trust.* By no later than 12:00 (noon) p.m. (New York City time) on the date on which any Principal or interest (including any Additional Interest) on any Security is due and payable, the Issuer shall deposit with the Paying Agent a sum sufficient to pay such Principal or interest (including any Additional Interest) when due. The Issuer shall require each Paying Agent (other than the Trustee) to agree in writing that such Paying Agent shall hold in trust for the benefit of Securityholders or the Trustee all money held by such Paying Agent for the payment of Principal of or interest (including any Additional Interest) on the Securities and shall notify the Trustee in writing of any default by the Issuer or the Guarantor in making any such payment. If either of the Issuer or any of its Subsidiaries acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Issuer at any time may require a Paying Agent (other than the Trustee) to pay all money held by it to the Trustee and to account for any funds disbursed by such Paying Agent. Upon complying with this Section, the Paying Agent (if other than the Issuer or a Subsidiary) shall have no further liability for the money delivered to the Trustee. Upon any bankruptcy, reorganization or similar proceeding with respect to the Issuer, the Trustee shall serve as Paying Agent for the Securities.

SECTION 2.5 *Securityholder Lists.* The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders. If the Trustee is not the Registrar, the Issuer shall cause the Registrar to furnish to the Trustee, in writing at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Securityholders.

SECTION 2.6. *Transfer and Exchange.*

(a) The following provisions shall apply with respect to any proposed transfer of a Rule 144A Note prior to the date which is two years after the later of the date of its original issue and the last date on which the Issuer or any affiliate of the Issuer was the owner of such Securities (or any predecessor thereto) (the "*Resale Restriction Termination Date*"):

(i) a transfer of a Rule 144A Note or a beneficial interest therein to a QIB shall be made upon the representation of the transferee in the form of an assignment on the reverse of the certificate that it is purchasing the Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A;

(ii) a transfer of a Rule 144A Note or a beneficial interest therein to a Non-U.S. Person shall be made upon receipt by the Trustee or its agent of a certificate substantially in the form set forth in Section 2.8 from the proposed transferee and, if requested by the Issuer or the Trustee, the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them.

(b) The following provisions shall apply with respect to any proposed transfer of a Regulation S Note prior to the expiration of the Restricted Period:

(i) a transfer of a Regulation S Note or a beneficial interest therein to a QIB shall be made upon the representation of the transferee, in the form of assignment on the reverse of the certificate, that it is purchasing the Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A;

(ii) a transfer of a Regulation S Note or a beneficial interest therein to a Non-U.S. Person shall be made upon receipt by the Trustee or its agent of a certificate substantially in the form set forth in Section 2.8 hereof from the proposed transferee and, if requested by the Issuer or the Trustee, receipt by the Trustee or its agent of an opinion of counsel, certification and/or other information satisfactory to each of them.

Regulation S Global Notes will be deposited upon issuance with the Trustee, as custodian for DTC, for credit to the respective accounts of the Holders (or to such other accounts as they may direct) at the Euroclear System, or Clearstream Banking, société anonyme. After the expiration of the Restricted Period, beneficial interests in Regulations S Global Notes may be held through organizations other than Euroclear or Clearstream that are participants in the DTC system and interests in the Regulation S Note may be transferred without requiring certification set forth in Section 2.8 or any additional certification.

(c) *Restricted Securities Legend.* Upon the transfer, exchange or replacement of Securities not bearing a Restricted Securities Legend, the Registrar shall deliver Securities that do not bear a Restricted Securities Legend. Upon the transfer, exchange or replacement of Securities bearing a Restricted Securities Legend, the Registrar shall deliver only Securities that bear a Restricted Securities Legend unless there is delivered to the Registrar an Opinion of Counsel to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

(d) The Issuer shall deliver to the Trustee an Officers' Certificate setting forth the Resale Restriction Termination Date and the Restricted Period.

The Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 2.1 or this Section 2.6. The Issuer shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

(e) *Obligations with Respect to Transfers and Exchanges of Securities.*

(i) To permit registrations of transfers and exchanges, the Issuer shall, subject to the other terms and conditions of this Section 2, execute and the Trustee shall authenticate Definitive Securities and Global Securities at the Registrar's or co-registrar's request.

(ii) No service charge shall be made to a Holder for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any transfer tax, assessments, or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charges payable upon exchange or transfer pursuant to Sections 3.6 or 9.5.

(iii) The Registrar or co-registrar shall not be required to register the transfer of or exchange of any Security for a period beginning (1) 15 days before the mailing of a notice of an offer to repurchase or redeem Securities and ending at the close of business on the day of such mailing or (2) 15 days before an interest payment date and ending on such interest payment date.

(iv) Prior to the due presentation for registration of transfer of any Security, the Issuer, the Trustee, the Paying Agent, the Registrar or any co-registrar may deem and treat the person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and none of the Issuer, the Trustee, the Paying Agent, the Registrar or any co-registrar shall be affected by notice to the contrary.

(v) Any Definitive Security delivered in exchange for an interest in a Global Security pursuant to Section 2.1(d) shall, except as otherwise provided by Section 2.6(c), bear the applicable legend regarding transfer restrictions applicable to the Definitive Security set forth in Section 2.1(c).

(vi) All Securities issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Securities surrendered upon such transfer or exchange.

(f) No Obligation of the Trustee. (i) The Trustee and the Issuer shall have no responsibility or obligation to any beneficial owner of a Global Security, a member of, or a participant in, DTC or other Person in respect of any aspect of the records, or for maintaining, supervising or reviewing any records, relating to beneficial ownership interests of a Global Security, with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof, with respect to any ownership interest in the Securities or with respect to the delivery to any participant, member, beneficial owner or other Person (other than DTC) of any notice (including any notice of redemption) or the payment of any amount or delivery of any Securities (or other security or property) under or with respect to such Securities. All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Securities shall be given or made only to or upon the order of the registered Holders (which shall be DTC or its nominee in the case of a Global Security). The rights of beneficial owners in any Global Security shall be exercised only through DTC subject to the applicable rules and procedures of DTC. The Trustee and the Issuer may conclusively rely and shall be fully protected in relying upon information furnished by DTC with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Agent Members or beneficial owners of interests in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 2.7. [Intentionally Omitted]

SECTION 2.8. *Form of Certificate to be Delivered in Connection with Transfers Pursuant to Regulation S.*

Attached hereto as *Exhibit C* is a form of certificate to be delivered in connection with transfers pursuant to Regulation S.

SECTION 2.9. *Business Days.* If a payment date is on a date that is not a Business Day, payment shall be made on the next succeeding day that is a Business Day, and no interest shall accrue on such payment for the intervening period. If a regular record date is on a day that is not a Business Day, the record date shall not be affected.

SECTION 2.10. *Replacement Securities.* If a mutilated Security is surrendered to the Registrar or if the Holder of a Security shall provide the Issuer and the Trustee with evidence to their satisfaction that the Security has been lost, destroyed or wrongfully taken, the Issuer shall issue and the Trustee shall authenticate a replacement Security if the requirements of Section 8-405 of the Uniform Commercial Code are met and the Holder satisfies any other reasonable requirements of the Trustee. In addition, such Holder shall furnish an indemnity bond sufficient in the judgment of the Issuer and the Trustee to protect the Issuer, the Trustee, the Paying Agent and the Registrar from any loss which any of them may suffer if a Security is replaced. The Issuer and the Trustee may charge the Holder for their expenses in replacing a Security, including reasonable fees and expenses of counsel. Every replacement Security is an additional obligation of the Issuer.

SECTION 2.11. *Outstanding Securities.* Securities outstanding at any time are all Securities authenticated by the Trustee except for those canceled, those delivered for cancellation and those described in this Section 2.11 as not outstanding. A Security does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Security.

If a Security is replaced pursuant to Section 2.10, it ceases to be outstanding unless the Trustee and the Issuer receive proof satisfactory to them that the replaced Security is held by a bona fide purchaser.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a redemption date or maturity date money sufficient to pay all Principal and interest payable on that date with respect to the Securities (or portions thereof) to be redeemed or maturing, as the case may be, then on and after

that date such Securities (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.12. *Temporary Securities.* Until definitive Securities are ready for delivery, the Issuer may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Issuer considers appropriate for temporary Securities. Without unreasonable delay, the Issuer shall prepare and the Trustee shall authenticate definitive Securities. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at any office or agency maintained by the Issuer for that purpose and such exchange shall be without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities, the Issuer shall execute, and the Trustee shall authenticate and deliver in exchange therefor, one or more definitive Securities representing an equal principal amount of Securities. Until so exchanged, the Holder of temporary Securities shall in all respects be entitled to the same benefits under this Indenture as a Holder of definitive Securities.

SECTION 2.13. *Cancellation.* The Issuer at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee for cancellation any Securities surrendered to them for registration of transfer or exchange or payment. The Trustee and no

one else shall cancel (subject to the record retention requirements of the Exchange Act) all Securities surrendered for registration of transfer or exchange, payment or cancellation and deliver a certificate of such cancellation to the Issuer. The Issuer may not issue new Securities to replace Securities it has redeemed, paid or delivered to the Trustee for cancellation, which shall not prohibit the Issuer from issuing any Additional Securities, or any Exchange Securities in exchange for Initial Securities. All cancelled Securities held by the Trustee may be disposed of by the Trustee in accordance with its then customary practices and procedures, unless the Issuer directs otherwise.

SECTION 2.14. *Defaulted Interest.* If the Issuer defaults in a payment of interest on the Securities, the Issuer shall pay defaulted interest plus interest on such defaulted interest to the extent lawful at the rate specified therefor in the Securities in any lawful manner. The Issuer may pay the defaulted interest to the Persons who are Securityholders on a subsequent special record date. The Issuer shall fix or cause to be fixed any such special record date and payment date to the reasonable satisfaction of the Trustee which specified record date shall not be less than 10 days prior to the payment date for such defaulted interest and shall promptly mail or cause to be mailed to each Securityholder a notice that states the special record date, the payment date and the amount of defaulted interest to be paid. The Issuer shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Security and the date of the proposed payment, and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such defaulted interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when so deposited to be held in trust for the benefit of the Person entitled to such defaulted interest as provided in this Section 2.14.

SECTION 2.15. *CUSIP Numbers.* The Issuer in issuing the Securities may use "CUSIP" numbers and/or other similar numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; *provided, however,* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee of any change in the CUSIP numbers and/or other similar numbers.

SECTION 2.16. *Issuance of Additional Securities.* The Issuer shall be entitled to issue, from time to time, Additional Securities under this Indenture which shall have identical terms as the Initial Securities issued on the Issue Date or the Exchange Securities exchanged therefor (in each case, other than with respect to the date of issuance, issue price and amount of interest payable on the first payment date applicable thereto), as the case may be. The Initial Securities issued on the Issue Date, any Additional Securities and all Exchange Securities issued in exchange therefor shall be treated as a single class for all purposes under this Indenture.

With respect to any Additional Securities, the Issuer shall set forth in a resolution of the Board of Directors and an Officers' Certificate, a copy of each shall be delivered to the Trustee, the following information:

(i) the aggregate principal amount of such Additional Securities to be authenticated and delivered pursuant to this Indenture;

(ii) the issue price, the issue date and the CUSIP number of any such Additional Securities and the amount of interest payable on the first payment date applicable thereto;

(iii) whether such Additional Securities shall be transfer restricted securities and issued in the form of Initial Securities as set forth in Exhibit A to this Indenture or shall be issued in the form of Exchange Securities as set forth in Exhibit B to this Indenture; and

(iv) if applicable, the Resale Restriction Termination Date and the Restricted Period for such Additional Securities.

ARTICLE III

Redemption

SECTION 3.1. *Notices to Trustee.* If the Issuer elects to redeem Securities pursuant to Section 5 of the Securities, it shall notify the Trustee in writing of the redemption date and the principal amount of Securities to be redeemed.

The Issuer shall give each notice to the Trustee provided for in this Section at least 60 days (45 days in the case of redemption of all the Securities) before the redemption date unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officers' Certificate from the Issuer to the effect that such

redemption will comply with the conditions herein. The record date relating to such redemption shall be selected by the Issuer and set forth in the related notice given to the Trustee, which record date shall be not less than 15 days prior to the date selected for redemption by the Issuer.

SECTION 3.2. *Selection of Securities to be Redeemed.* If fewer than all the Securities then outstanding are to be redeemed, the Trustee shall select the Securities to be redeemed by a method that complies with applicable legal and securities exchange requirements, if any, and that the Trustee considers, in its discretion, to be fair and appropriate in accordance with methods generally used at the time of selection by fiduciaries in similar circumstances. The Trustee shall make the selection from outstanding Securities not previously called for redemption. The Trustee may select for redemption portions of the principal of Securities that have denominations larger than $1,000. Securities and portions of them that the Trustee selects shall be in amounts of $1,000 or a whole multiple of $1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Issuer of the Securities or portions of Securities to be redeemed.

SECTION 3.3. *Notice of Redemption.* At least 30 days but not more than 60 days before a date for redemption of Securities, notice of redemption shall be mailed by first-class mail to each Holder of Securities to be redeemed.

The notice shall identify the Securities to be redeemed and shall state:

(1) the redemption date;

(2) the redemption price (or the method of calculating such price) and the amount of accrued interest to be paid, if any;

(3) the name and address of the Paying Agent;

(4) that Securities called for redemption must be surrendered to the Paying Agent to collect the redemption price plus accrued and unpaid interest, if any;

(5) if fewer than all the outstanding Securities are to be redeemed, the Bond No. (if certificated) and principal amounts of the particular Securities to be redeemed;

(6) that, unless the Issuer defaults in making such redemption payment, interest on Securities (or portion thereof) called for redemption ceases to accrue on and after the redemption date;

(7) the CUSIP number, or any similar number, if any, printed on the Securities being redeemed; and

(8) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Securities.

At the Issuer's request, the Trustee shall give the notice of redemption in the name of the Issuer and at the Issuer's expense. In such event, the Issuer shall provide the Trustee with the information required by this Section 3.3.

SECTION 3.4. *Effect of Notice of Redemption.* Once notice of redemption is mailed in accordance with Section 3.3, Securities called for redemption shall become due and payable on the redemption date and at the redemption price as stated in the notice. Upon surrender to the Paying Agent on or after the redemption date, such Securities shall be paid at the redemption price stated in the notice, plus accrued and unpaid interest to the redemption date; provided that the Issuer shall have deposited the redemption price with the Paying Agent or the Trustee on or before 12:00 (noon) p.m. (New York City time) on the date of redemption; *provided*, further, that if the redemption date is after a regular record date and on or prior to the interest payment date, the accrued and unpaid interest shall be payable to the Securityholder of the redeemed Securities registered on the relevant record date. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

SECTION 3.5. *Deposit of Redemption Price.* By no later than 1:00 p.m. (New York City time) on the date of redemption, the Issuer shall deposit with the Paying Agent (or, if the Issuer or any of its Subsidiaries is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the redemption price of and accrued and unpaid interest on all Securities to be redeemed on that date other than Securities or portions of Securities called for redemption which are owned by the Issuer or a Subsidiary and have been delivered by the Issuer or such Subsidiary to the Trustee for cancellation.

Unless the Issuer defaults in the payment of such redemption price, interest on the Securities to be redeemed will cease to accrue on and after the applicable redemption date, whether or not such Securities are presented for payment.

SECTION 3.6. *Securities Redeemed in Part.* Upon surrender of a Security that is redeemed in part, the Issuer shall execute and the Trustee shall authenticate for the Holder thereof (at the Issuer's expense) a new Security, equal in a principal amount to the unredeemed portion of the Security surrendered.

ARTICLE IV

Covenants

SECTION 4.1. *Payment of Securities.* The Issuer covenants and agrees that it will promptly pay the Principal of and interest (including Additional Interest) on the Securities on the dates and in the manner provided in the Securities and in this Indenture. Principal and interest (including Additional Interest) shall be considered paid on the date due if, on or before 1:00 p.m. (New York City time) on such date, the Trustee or the Paying Agent (or, if the Issuer or any of its Subsidiaries is the Paying Agent, the segregated account or separate trust fund maintained by the Issuer or such Subsidiary pursuant to Section 2.4) holds in accordance with this Indenture money sufficient to pay all Principal and interest (including Additional Interest) then due. If any Additional Interest is due, the Issuer shall deliver an Officers' Certificate to the Trustee setting forth the Additional Interest per $1,000 aggregate principal amount of Securities.

The Issuer shall pay interest on overdue principal at the rate specified therefor in the Securities, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful as provided in Section 2.14.

Notwithstanding anything to the contrary contained in this Indenture, the Issuer or the Paying Agent may, to the extent it is required to do so by law, deduct or withhold income or other similar taxes imposed by the United States of America or other domestic or foreign taxing authorities from Principal or interest payments hereunder.

SECTION 4.2. *Limitations on Liens.* (a) So long as any Securities remain outstanding, the Issuer may not directly or indirectly, Incur, and will not permit any of its Subsidiaries to, directly or indirectly, Incur any Indebtedness secured by a mortgage, security interest, pledge, lien, charge or other encumbrance (mortgages, security interests, pledges, liens, charges and other encumbrances being hereinafter in this Article 4 referred to as "mortgage" or "mortgages") upon any property or assets (including Capital Stock) of the Issuer, or any of its Subsidiaries or upon any shares of stock or Indebtedness of any of its Subsidiaries (whether such property, assets, shares of stock or Indebtedness are now existing or owed or hereafter created or acquired) without in any such case effectively providing, concurrently with the Incurrence of any such secured Indebtedness, or the grant of a mortgage with respect to any such Indebtedness to be so secured, that the Securities or, in respect of mortgages on the Guarantor's property or assets, the Guarantee (together with, if the Issuer shall so determine, any other Indebtedness of or Guarantee by the Issuer, the Guarantor or any of their respective Subsidiaries ranking equally with the Securities or the Guarantee) shall be secured equally and ratably with (or, at the Issuer's option, prior to) such Indebtedness to be so secured; *provided, however,* that the foregoing restrictions shall not apply to:

(1) mortgages on property, shares of stock or Indebtedness or other assets of any Person existing at the time such Person becomes a Subsidiary of the Issuer or any of its Subsidiaries; *provided* that such mortgage was not Incurred in anticipation of such Person becoming a Subsidiary;

(2) mortgages on property, shares of stock or Indebtedness existing at the time of acquisition thereof by the Issuer or a Subsidiary of the Issuer or any of its Subsidiaries (which may include property previously leased by the Issuer, the Guarantor or any of their respective Subsidiaries and leasehold interests thereon; provided that the lease terminates prior to or upon the acquisition) or mortgages thereon to secure the payment of all or any part of the purchase price thereof, or mortgages on property, shares of stock or Indebtedness to secure any Indebtedness for borrowed money Incurred prior to, at the time of, or within 18 months after, the latest of the acquisition thereof, or, in the case of property, the completion of construction, the completion of improvements or the commencement of substantial commercial operation of such property for the purpose of financing all or any part of the purchase price thereof, such construction or the making of such improvements;

(3) mortgages securing Indebtedness of a Subsidiary owing to the Issuer or any of its Subsidiaries;

(4) mortgages existing on the Issue Date;

(5) mortgages on property of a Person existing at the time such Person is merged into or consolidated with the Issuer or any of its Subsidiaries or at the time of a sale, lease or other disposition of the properties of a Person as an entirety or substantially as an entirety to the Issuer or any of its Subsidiaries; *provided* that such mortgage was not Incurred in anticipation of such merger or consolidation or sale, lease or other disposition;

(6) mortgages created in connection with a project financed with, and created to secure, a Nonrecourse Obligation;

(7) mortgages securing all of the Securities; or

(8) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any mortgage referred to in the foregoing clauses (1) to (7), inclusive, without increase of the principal of the Indebtedness secured thereby; *provided, however,* that any mortgages permitted by any of the foregoing clauses (1) to (7), inclusive, shall not extend to or cover any property of the Issuer or any of its Subsidiaries, as the case may be, other than the property specified in such clauses and improvements thereto.

(b) Notwithstanding the foregoing provisions of this Section 4.2, the Issuer and its Subsidiaries may Incur Indebtedness secured by mortgages which would otherwise be subject to the foregoing restrictions without equally and ratably securing the Securities, or in respect of mortgages on the Guarantor's property or assets, the Guarantee; *provided* that after giving effect thereto, the aggregate amount of all Indebtedness so secured by mortgages (not including mortgages permitted under clauses (1) through (8) above), does not at the time exceed 15% of the Consolidated Net Assets of the Issuer.

SECTION 4.3. *Compliance Certificate.* The Issuer shall deliver to the Trustee within 120 days after the end of each fiscal year of the Issuer an Officers' Certificate signed by its principal executive officer, the principal financial officer or the principal accounting officer stating that in the course of the performance by the signers of their duties as Officers of the Issuer they would normally have knowledge of any Default or Event of Default and whether or not the signers know of any Default or Event of Default that occurred during such period. If they do, the certificate shall describe the Default or Event of Default, its status and what action the Issuer is taking or proposes to take with respect thereto. The Issuer also shall comply with TIA §314(a)(4).

SECTION 4.4. *Further Instruments and Acts.* Upon reasonable request of the Trustee, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 4.5. *Maintenance of Office or Agency.* The Issuer shall maintain the office or agency required under Section 2.3. The Issuer shall give prior written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 11.2.

SECTION 4.6. *Existence.* Except as otherwise permitted by Article V, the Issuer shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a corporation or other Person and USANi LLC shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a limited liability company or other Person.

SECTION 4.7. *SEC Reports.* The Issuer will comply with all the applicable provisions of TIA §314(a). Delivery of such information, documents or reports to the Trustee pursuant to such provisions is for informational purposes only, and the Trustee's receipt thereof shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of the covenants hereunder (as to which the Trustee is entitled to rely exclusively on the Officers' Certificate).

ARTICLE V

Successor Issuer or Guarantor

SECTION 5.1. *When the Issuer or the Guarantor May Merge or Transfer Assets.* Neither the Issuer nor the Guarantor will consolidate with or sell, lease or convey all or substantially all of its assets to, or merge with or into, in one transaction or a series of related transactions, any other Person, unless:

(i) the Issuer, or in the case of the Guarantor, the Issuer or the Guarantor, shall be the continuing entity, or the resulting, surviving or transferee Person (the *"Successor"*) shall be a Person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and the Successor (if not the Issuer or the Guarantor, as the case may be) shall expressly assume, by supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Issuer or the Guarantor, as the case may be, under the Securities and this Indenture;

(ii) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

(iii) the Issuer shall have delivered to the Trustee an Officers' Certificate and the Issuer shall have delivered to the Trustee an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture (except that such Opinion of Counsel need not opine as to Clause (ii) above) and that such supplemental indenture constitutes the legal valid and binding obligation of the Successor subject to customary exceptions.

The Successor will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture, but the predecessor Issuer in the case of a lease of all or substantially all of the Issuer's assets will not be released from the obligation to pay the principal of and interest on the Securities. Notwithstanding any provision to the contrary, the restrictions contained in this Section 5.1 shall cease to apply to the Guarantor immediately upon any discharge, defeasance, waiver (to the same extent as such waiver) or termination of the Guarantor's obligations under Section 5.1 of the Old Indenture or upon termination of the Guarantee pursuant to Section 10.2.

ARTICLE VI

Defaults and Remedies

SECTION 6.1. *Events of Default.* An "Event of Default" occurs with respect to the Securities if:

(1) the Issuer defaults in any payment of interest (including Additional Interest) on any Security when the same becomes due and payable, and such default continues for a period of 30 days;

(2) the Issuer defaults in the payment of the Principal of any Security when the same becomes due and payable at its Stated Maturity, upon optional redemption, upon declaration or otherwise;

(3) the Issuer fails to comply with any of its agreements in the Securities or this Indenture (other than those referred to in (1) or (2) above) and such failure continues for 90 days after the notice specified below;

(4) the Issuer fails to make any payment at maturity, including any applicable grace period, in respect of Indebtedness of the Issuer in an amount in excess of $25,000,000 or the equivalent thereof in any other currency or composite currency and such failure shall have continued for 30 days after the notice specified below; *provided, however,* that if any such failure shall cease, or

be cured, waived, rescinded or annulled, then the Event of Default by reason thereof shall be deemed likewise to have been cured;

(5) a default with respect to any Indebtedness of the Issuer, which default results in the acceleration of Indebtedness in an amount in excess of $25,000,000 or the equivalent thereof in any other currency or composite currency without such Indebtedness having been discharged or such acceleration having been cured, waived, rescinded or annulled for a period of 30 days after written notice specified below; *provided, however,* that if any such default or acceleration shall be cured, waived, rescinded or annulled then the Event of Default by reason thereof shall be deemed likewise to have been cured;

(6) the Issuer pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case in which it is the debtor;

(C) consents to the appointment of a Custodian of it or for any substantial part of its property; or

(D) makes a general assignment for the benefit of its creditors; or

or takes any comparable action under any foreign laws relating to insolvency;

(7) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Issuer in an involuntary case;

(B) appoints a Custodian of the Issuer or for any substantial part of its property; or

(C) orders the winding up or liquidation of the Issuer;

(or any similar relief is granted under any foreign laws) and the order, decree or relief remains unstayed and in effect for 60 consecutive days; or

(8) the Guarantee ceases to be in full force and effect during its term or the Guarantor denies or disaffirms in writing its obligations under the terms of this Indenture or the Guarantee, in each case, other than any such cessation, denial or disaffirmation in connection with the termination of the Guarantee pursuant to Section 10.2.

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

The term "Bankruptcy Law" means Title 11, *United States Code*, or any similar Federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

If any failure, default or acceleration referred to in clauses (4) or (5) above shall cease or be cured, waived, rescinded or annulled, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon cured.

A Default with respect to Securities under clauses (3), (4) or (5) of this Section 6.1 is not an Event of Default until the Trustee (by notice to the Issuer) or the Holders of at least 25% in aggregate principal amount of the outstanding Securities (by notice to the Issuer and the Trustee) gives notice of the Default and the Issuer does not cure such Default within the time specified in said clause (3),

(4) or (5) after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default".

The Issuer shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officers' Certificate of any event which with the giving of notice or the lapse of time would become an Event of Default under clause (3), (4) or (5) of this Section 6.1, its status and what action the Issuer is taking or proposes to take with respect thereto.

SECTION 6.2. *Acceleration.* If an Event of Default with respect to the Securities (other than an Event of Default specified in Section 6.1(6) or (7)) occurs and is continuing, the Trustee by notice to the Issuer, or the Holders of at least 25% in aggregate principal amount of the outstanding Securities by notice to the Issuer and the Trustee, may declare the Principal of and accrued but unpaid interest on all the Securities to be due and payable. Upon such a declaration, such Principal and interest shall be due and payable immediately. If an Event of Default specified in Section 6.1(6) or (7) occurs and is continuing, the Principal of and accrued interest on all the Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. The Holders of a majority in aggregate principal amount of the outstanding Securities by notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree (other than a judgment or decree for the payment of Principal or interest or monies due on the Securities) and if all existing Events of Default have been cured or waived except nonpayment of Principal or interest that has become due solely because of such acceleration and the Trustee has been paid all amounts due to it pursuant to Section 7.7. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 6.3. *Other Remedies.* If an Event of Default with respect to the Securities occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of Principal of or interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are, to the extent permitted by law, cumulative.

SECTION 6.4. *Waiver of Past Defaults.* The Holders of a majority in aggregate principal amount of the Securities then outstanding by notice to the Trustee may waive any past or existing Default and its consequences except (i) a Default in the payment of the Principal of or interest on a Security or (ii) a Default in respect of a provision that under Section 9.2 cannot be amended without the consent of each Securityholder affected. When a Default is waived, it is deemed cured, and any Event of Default arising therefrom shall be deemed to have been cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

SECTION 6.5. *Control by Majority.* Upon provision of reasonable indemnity to the Trustee satisfactory to the Trustee, the Holders of a majority in aggregate principal amount of the Securities then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee, which may rely on opinions of counsel, may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines is unduly prejudicial to the rights of other Securityholders or would involve the Trustee in personal liability; *provided, however,* that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction.

SECTION 6.6. *Limitation on Suits.* A Holder of Securities may not pursue any remedy with respect to this Indenture or the Securities unless:

(i) the Holder gives to the Trustee previous written notice stating that an Event of Default is continuing;

(ii) the Holders of at least 25% in aggregate principal amount of the Securities then outstanding make a written request to the Trustee to pursue the remedy;

(iii) such Holder or Holders offer to the Trustee reasonable security or indemnity against any loss, liability or expense;

(iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security or indemnity; and

(v) the Holders of a majority in aggregate principal amount of the Securities then outstanding do not give the Trustee a direction inconsistent with the request during such 60-day period.

A Securityholder may not use this Indenture to prejudice the rights of another Securityholder or to obtain a preference or priority over another Securityholder.

SECTION 6.7 *Rights of Holders To Receive Payment.* Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of Principal of and interest on the Securities held by such Holder, on or after the respective due dates expressed in the Securities, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.8 *Collection Suit by Trustee.* If an Event of Default specified in Section 6.1(1) or (2) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Issuer for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 7.7.

SECTION 6.9 *Trustee May File Proofs of Claim.* The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Securityhholders allowed in any judicial proceedings relative to an Issuer, its creditors or any other obligor upon the Securities, or any of their creditors or the property of the Issuer or such other obligor or their creditors and, unless prohibited by law or applicable regulations, may vote on behalf of the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.7.

SECTION 6.10 *Priorities.* Any money or other property collected by the Trustee pursuant to Article VI hereof, or any money or other property otherwise distributable in respect of the Issuer's or the Guarantor's obligations under this Indenture, shall be applied in the following order:

FIRST: to the Trustee (including any predecessor Trustee) for amounts due under Section 7.7;

SECOND: to Securityholders for amounts due and unpaid on the Securities for Principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for Principal and interest, respectively; and

THIRD: to the Issuer.

The Trustee may fix a record date and payment date for any payment to Securityholders pursuant to this Section 6.10. At least 15 days before such record date, the Issuer shall mail to each Securityholder and the Trustee a notice that states the record date, the payment date and amount to be paid.

SECTION 6.11 *Undertaking for Costs.* In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.7 or a suit by Holders of more than 10% in aggregate principal amount of the outstanding Securities.

SECTION 6.12 *Waiver of Stay or Extension Laws.* The Issuer (to the extent it may lawfully do so) shall not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE VII

Trustee

SECTION 7.1 *Duties of Trustee.* (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon Officers' Certificates and Opinions of Counsel furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such Officers' Certificates and Opinions of Counsel which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine such Officers' Certificates and Opinions of Counsel to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 7.1;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.5.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) The Trustee shall not be liable for interest on any money or other property received by it or for holding moneys or other property uninvested, in either case, except as otherwise agreed between the Issuer and the Trustee. Money and other property held in trust by the Trustee need not be segregated from other money or property except to the extent required by law.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(g) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 7.1 and to the provisions of the TIA, where applicable.

SECTION 7.2 *Rights of Trustee.* (a) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officers' Certificate or Opinion of Counsel.

(c) The Trustee may execute any of the trusts or powers or perform any duties hereunder either directly through attorneys and agents, respectively, and shall not be responsible for the misconduct or negligence of any attorney or agent appointed with due care by it hereunder.

(d) The Trustee shall not be liable for any action it takes, suffers to exist or omits to take in good faith which it believes to be authorized or within its rights or powers; *provided, however,* that the Trustee's conduct does not constitute wilful misconduct or negligence.

(e) The Trustee may consult with counsel of its selection, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Securities shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in reliance thereon.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(g) The Trustee shall not be charged with knowledge of any Default or Event of Default with respect to the Securities unless either (1) a Trust Officer shall have actual knowledge of such Default or Event of Default or (2) written notice of such Default or Event of Default shall have been given to a Trust Officer of the Trustee by the Issuer or any other obligor on the Securities or by any Holder of the Securities.

(h) The rights, privileges, protections, immunities and benefits given to the Trustee pursuant to this Indenture, including its rights to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities as Registrar and Paying Agent, as the case may be, hereunder.

SECTION 7.3 *Individual Rights of Trustee.* The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

SECTION 7.4 *Trustee's Disclaimer.* The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Securities or any offering document, it shall not be accountable for the Issuer's use of the proceeds from the Securities, and it shall not be responsible for

any statement of the Issuer in this Indenture or in any document issued in connection with the sale of the Securities or in the Securities other than the Trustee's certificate of authentication.

SECTION 7.5 *Notice of Defaults.* If a Default or an Event of Default occurs with respect to the Securities and is continuing and if it is known to the Trustee, the Trustee shall mail to each Securityholder notice of the Default within 90 days after it is known to a Trust Officer or written notice of it is received by a Trust Officer of the Trustee. Except in the case of a Default in payment of Principal of or interest on any Security, the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is not opposed to the interests of Securityholders.

SECTION 7.6 *Reports by Trustee to Holders.* As promptly as practicable after each May 15 beginning with the May 15 following the date of this Indenture, and in any event prior to July 15 in each year, the Trustee shall mail to each Securityholder a brief report dated as of such May 15 that complies with TIA §313(a). The Trustee also shall comply with TIA §313(b). The Trustee shall promptly deliver to the Issuer a copy of any report it delivers to Holders pursuant to this Section 7.6.

A copy of each report at the time of its mailing to Securityholders shall be filed by the Trustee with the SEC and each stock exchange (if any) on which the Securities are listed. The Issuer agrees to notify promptly the Trustee whenever the Securities become listed on any stock exchange and of any delisting thereof.

SECTION 7.7 *Compensation and Indemnity.* The Issuer covenants and agrees to pay to the Trustee from time to time such compensation for its services as the Issuer and the Trustee shall from time to time agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by it in accordance with the provisions of this Indenture, including costs of collection, in addition to such compensation for its services, except any such expense, disbursement or advance as may arise from its negligence, wilful misconduct or bad faith. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents and counsel. The Trustee shall provide the Issuer reasonable notice of any expenditure not in the ordinary course of business; *provided* that prior approval by the Issuer of any such expenditure shall not be a requirement for the making of such expenditure nor for reimbursement by the Issuer thereof. The Issuer shall indemnify each of the Trustee, its officers, directors, employees and any predecessor Trustees against any and all loss, damage, claim, liability or expense (including reasonable attorneys' fees and expenses) (other than taxes applicable to the Trustee's compensation hereunder) incurred by it in connection with the acceptance or administration of this trust and the performance of its duties hereunder. The Trustee shall notify the Issuer promptly of any claim for which it may seek indemnity. Failure by the Trustee so to notify the Issuer shall not relieve the Issuer of its obligations hereunder, except to the extent that the Issuer has been prejudiced by such failure. The Issuer shall defend the claim and the Trustee shall cooperate, to the extent reasonable, in the defense of any such claim, and, if (in the opinion of counsel to the Trustee) the facts and/or issues surrounding the claim are reasonably likely to create a conflict with the Issuer, the Issuer shall pay the reasonable fees and expenses of separate counsel to the Trustee. The

Issuer need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own willful misconduct, negligence or bad faith. The Issuer need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld or delayed.

To secure the Issuer's payment obligations in this Section 7.7, the Trustee (including any predecessor trustee) shall have a lien prior to the Securities on all money or property held or collected by the Trustee other than money or property held in trust to pay Principal of and interest on particular Securities.

The Issuer's payment obligations pursuant to this Section 7.7 shall survive the satisfaction, discharge and termination of this Indenture, the resignation or removal of the Trustee and any discharge of this Indenture including any discharge under any bankruptcy law. In addition to and without prejudice to the rights provided to the Trustee under any of the provisions of this Indenture, when the Trustee incurs expenses or renders services after the occurrence of a Default specified in Section 6.1(6) or (7) with respect to the Issuer, the expenses and the compensation for the services are intended to constitute expenses of administration under the Bankruptcy Law.

SECTION 7.8 *Replacement of Trustee*. The Trustee may resign at any time with 30 days notice to the Issuer. The Holders of a majority in principal amount of the Securities then outstanding, may remove the Trustee with 30 days notice to the Trustee and may appoint a successor Trustee, which successor Trustee shall be reasonably acceptable to the Issuer. The Issuer shall remove the Trustee if:

(i) the Trustee fails to comply with Section 7.10;

(ii) the Trustee is adjudged bankrupt or insolvent;

(iii) a receiver or other public officer takes charge of the Trustee or its property; or

(iv) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns, is removed by the Issuer or by the Holders of a majority in principal amount of the Securities and such Holders do not reasonably promptly appoint a successor Trustee, or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuer shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer and the Issuer shall pay all amounts due and owing to the Trustee under Section 7.7 of the Indenture. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Securityholders affected by such resignation or removal. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.7.

If a successor Trustee does not take office with respect to the Securities within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of 10% in principal amount of the Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Securityholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section 7.8, the Issuer's obligations under Section 7.7 shall continue for the benefit of the retiring Trustee.

SECTION 7.9 *Successor Trustee by Merger.* If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or

banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee; *provided* that such corporation shall be eligible under this Article Seven and TIA §310(a).

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Securities so authenticated; and in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 7.10 *Eligibility; Disqualification.* The Trustee shall at all times satisfy the requirements of TIA §310(a). The Trustee shall have a combined capital and surplus of at least $250,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA §310(b); provided, however, that there shall be excluded from the operation of TIA §310(b)(1) and any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Issuer are outstanding if the requirements for such exclusion set forth in TIA §310(b)(1) are met. In determining whether the Trustee has a conflicting interest as defined in TIA §310(b) with respect to the Securities, there shall be excluded the Old Notes issued under the Old Indenture.

Nothing herein shall prevent the Trustee from filing with the Commission the application referred to in the second to last paragraph of Section 310(b) of the Trust Indenture Act.

SECTION 7.11 *Preferential Collection of Claims Against the Issuer.* The Trustee shall comply with TIA §311(a), excluding any creditor relationship listed in TIA §311(b). A Trustee who has resigned or been removed shall be subject to TIA §311(a) to the extent indicated.

ARTICLE VIII

Discharge of Indenture; Defeasance

SECTION 8.1 *Discharge of Liability on Securities; Defeasance.* With respect to the Securities, (a) when (i) the Issuer delivers to the Trustee all outstanding Securities for cancellation or (ii) all outstanding Securities have become due and payable, whether at maturity or as a result of the mailing of a notice of redemption pursuant to Article 3 hereof or the Securities will become due and payable at their Stated Maturity within one year, or the Securities are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer, and, in each case of this clause (ii), the Issuer irrevocably deposits or causes to be deposited with the Trustee funds sufficient to pay at maturity or upon redemption all outstanding Securities, including interest thereon to maturity or such redemption date, and if in either case the Issuer pays all other sums payable hereunder by the Issuer, then this Indenture shall, subject to Section 8.1(c), cease to be of further effect. The Trustee shall acknowledge satisfaction and discharge of this Indenture on demand of the Issuer accompanied by an Officers' Certificate from the Issuer and an Opinion of Counsel from the Issuer that all conditions precedent provided herein for relating to satisfaction and discharge of this Indenture have been complied with and at the cost and expense of the Issuer.

(b) Subject to Sections 8.1(c) and 8.2, the Issuer at any time may terminate (i) all of its and the Guarantor's respective obligations under the Securities and this Indenture ("*legal defeasance option*") or (ii) its obligations under Section 4.2 and the operation of Sections 6.1(3) (other than any obligations

under Article V hereof), 6.1(4), 6.1(5) and 6.1(8) ("*covenant defeasance option*"). The Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option.

If the Issuer exercises it legal defeasance option with respect to the Securities, payment of the Securities may not be accelerated because of an Event of Default. If the Issuer exercises its covenant defeasance option, payment of the Securities may not be accelerated because of an Event of Default specified in Section 6.1(3) (except with respect to obligations under Article V hereof), 6.1(4), 6.1(5) or 6.1(8).

Upon satisfaction of the conditions set forth herein and upon request of the Issuer, the Trustee shall acknowledge in writing the discharge of those obligations that the Issuer terminates. Upon the discharge of Issuer obligations as a result of the exercise of the legal defeasance option or covenant defeasance option, the obligations of the Guarantor under the Guarantee and this Indenture shall terminate.

(c) Notwithstanding clauses (a) and (b) above, the Issuer's obligations in Sections 2.3, 2.4, 2.5, 2.10, 4.1, 4.4, 4.5, 7.7, 7.8, 8.4, 8.5 and 8.6 and Section 2.3 of the Appendix shall survive until the Securities have been paid in full. Thereafter, the Issuer's and the Trustee's obligations in Sections 7.7, 8.4 and 8.5 shall survive.

SECTION 8.2 *Conditions to Defeasance.* The Issuer may exercise its legal defeasance option or its covenant defeasance option with respect to the Securities only if:

(i) the Issuer irrevocably deposits or causes to be deposited in trust with the Trustee money or U.S. Government Obligations which through the scheduled payment of Principal and interest in respect thereof in accordance with their terms will provide cash at such times and in such

amounts as will be sufficient to pay Principal and interest when due on all outstanding Securities (except Securities replaced pursuant to Section 2.7) to maturity or redemption, as the case may be;

(ii) the Issuer delivers to the Trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of Principal and interest when due and without reinvestment on the deposited U.S. Government Obligations plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay Principal and interest when due on all outstanding Securities (except Securities replaced pursuant to Section 2.7) to maturity or redemption, as the case may be;

(iii) 91 days pass after the deposit is made and during the 91-day period no Default specified in Section 6.1(6) or (7) occurs which is continuing at the end of the period;

(iv) the deposit does not constitute a default under any other material agreement binding on the Issuer;

(v) the Issuer delivers to the Trustee an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940;

(vi) in the case of the legal defeasance option, the Issuer shall have delivered to the Trustee an Opinion of Counsel stating that (i) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of this Indenture there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Securityholders will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred;

(vii) in the case of the covenant defeasance option, the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that the Securityholders will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred; and

(viii) the Issuer delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance and discharge of the Securities as contemplated by this Article 8 have been complied with.

Before or after a deposit, the Issuer may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date in accordance with Article 3.

SECTION 8.3 *Application of Trust Money.* The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to this Article 8. It shall apply the deposited money and the money from U.S. Government Obligations either directly or through the Paying Agent as the Trustee may determine and in accordance with this Indenture to the payment of Principal of and interest on the Securities.

SECTION 8.4 *Repayment to the Issuer.* The Trustee and the Paying Agent shall promptly turn over to the Issuer upon request any excess money or securities held by them at any time.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Issuer upon written request any money held by them for the payment of Principal or interest that remains unclaimed for two years after the date of payment of such Principal and interest, and, thereafter, Securityholders entitled to the money must look to the Issuer for payment as general creditors.

Anything in this Section 8.4 to the contrary notwithstanding, in the absence of a written request from the Issuer to return unclaimed funds to the Issuer, the Trustee shall from time to time deliver all unclaimed funds to or as directed by applicable escheat authorities, as determined by the Trustee in its sole discretion, in accordance with the customary practices and procedures of the Trustee. Any unclaimed funds held by the Trustee pursuant to this Section shall be held uninvested and without any liability for interest.

SECTION 8.5 *Indemnity for Government Obligations.* The Issuer shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or the principal and interest received on such U.S. Government Obligations other than any such tax, fee or other charge which by law is for the account of the Holders of the defeased Securities; provided that the Trustee shall be entitled to charge any such tax, fee or other charge to such Holder's account.

SECTION 8.6 *Reinstatement.* If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with this Article 8 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to this Article 8 until such time as the Trustee or Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with this Article 8; *provided, however,* that, (a) if the Issuer has made any payment of interest on or Principal of any Securities following the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent and (b) unless otherwise required by any legal proceeding or any order or judgment of any court or governmental authority, the Trustee or Paying Agent shall return all such money and U.S. Government Obligations to

the Issuer promptly after receiving a written request therefor at any time, if such reinstatement of the Issuer's obligations has occurred and continues to be in effect.

ARTICLE IX

Amendments

SECTION 9.1 *Without Consent of Holders.* The Issuer and the Trustee may amend this Indenture or the Securities without notice to or consent of any Securityholder:

(i) to cure any ambiguity, omission, defect or inconsistency;

(ii) to comply with Article 5;

(iii) to provide for uncertificated Securities in addition to or in place of certificated Securities; *provided*, *however*, that the uncertificated Securities are issued in registered form for purposes of Section 163(f) of the Code or in a manner such that the uncertificated Securities are as described in Section 163(f)(2)(B) of the Code;

(iv) to add guarantees with respect to the Securities;

(v) to add security for the Securities;

(vi) to add to the covenants of the Issuer for the benefit of the Holders of all the Securities or to surrender any right or power herein conferred upon the Issuer;

(vii) to make any change that does not adversely affect the rights of any Securityholder;

(viii) to comply with any requirements of the SEC in connection with qualifying this Indenture under the TIA; and

(ix) to provide for the issuance of the Exchange Securities, which will have terms substantially identical in all material respects to the Initial Securities (except that the transfer restrictions contained in the Initial Securities will be modified or eliminated, as appropriate), and to provide for the issuance of any Additional Securities, which will have terms substantially identical in all material respects to the Initial Securities or the Exchange Securities (in each case, other than with respect to the date of issuance, issue price and amount of interest payable on the first payment date applicable thereto), as the case may be, and which will be treated, together with any outstanding Initial Securities and any Additional Securities, as a single issue of securities.

After an amendment under this Section 9.1 becomes effective, the Issuer shall mail to Securityholders a notice briefly describing such amendment. The failure to give such notice to all Securityholders, or any defect therein, shall not impair or affect the validity of an amendment under this Section 9.1.

SECTION 9.2 *With Consent of Holders.* The Issuer and the Trustee may amend this Indenture or the Securities without notice to any Securityholder but with the written consent of the Holders of at least a majority in principal amount of the Securities then outstanding (including consents obtained in connection with a tender offer or exchange for Securities). However, without the consent of each Securityholder affected, an amendment may not:

(i) reduce the amount of Securities whose Holders must consent to an amendment, supplement or waiver;

(ii) reduce the rate of or extend the time for payment of interest on any Security;

(iii) reduce the principal of or extend the Stated Maturity of any Security;

(iv) reduce the premium payable upon the redemption of any Security or change the time at which any Security may be redeemed in accordance with Article 3;

(v) make any Security payable in money other than that stated in the Security;

(vi) impair the right of any Holder to receive payment of Principal of and interest on such Holder's Securities on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Securities;

(vii) make any changes that would affect the ranking for the Securities in a manner adverse to the Holders;

(viii) release the Guarantee (except as otherwise provided in this indenture) or make any changes to the Guarantee in any manner materially adverse to the Holders; or

(ix) make any change in the second sentence of this Section 9.2.

It shall not be necessary for the consent of the Holders under this Section 9.2 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

After an amendment under this Section 9.2 becomes effective, the Issuer shall mail to Securityholders a notice briefly describing such amendment. The failure to give such notice to all Securityholders, or any defect therein, shall not impair or affect the validity of an amendment under this Section 9.2.

SECTION 9.3. *Compliance with Trust Indenture Act.* Every amendment to this Indenture or the Securities shall comply with the TIA as then in effect.

SECTION 9.4. *Revocation and Effect of Consents and Waivers.* A consent to an amendment or a waiver by a Holder of a Security shall bind the Holder and every subsequent Holder of that Security or portion of the Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent or waiver is not made on the Security. After an amendment or waiver becomes effective with respect to the Securities, it shall bind every Securityholder.

The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Securityholders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Securityholders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date.

SECTION 9.5. *Notation on or Exchange of Securities.* If an amendment changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Issuer shall provide in writing to the Trustee an appropriate notation to be placed on the Security regarding the changed terms and return it to the Holder. Alternatively, if the Issuer or the Trustee so determine, the Issuer in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms. Failure to make the appropriate notation or to issue a new Security shall not affect the validity of such amendment.

SECTION 9.6. *Trustee To Sign Amendments.* The Trustee shall sign any amendment authorized pursuant to this Article 9 if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such amendment the Trustee shall be entitled to receive indemnity reasonably satisfactory to it and to receive, and (subject to Section 7.1) shall be fully protected in relying upon, in addition to the documents required by Section 11.4, an Officers' Certificate of the Issuer and an Opinion of Counsel stating that such amendment complies with the provisions of this Article 9 and that such supplemental indenture constitutes the legal valid and binding obligation of the Issuer in accordance with its terms subject to customary exceptions.

SECTION 9.7. *Payment for Consent.* Neither the Issuer nor any affiliate of the Issuer shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of a Security for, or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Securities unless such consideration is offered to be paid to all Holders of a Securities that so consent, waive or agree to amend in the time frame set forth in solicitation documents relating to such consent, waiver or agreement.

ARTICLE X

Guarantee

SECTION 10.1. *Guarantee.* The Guarantor hereby fully, unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, to each Holder of the Securities and the Trustee the full and punctual payment when due, whether at maturity, by acceleration, by redemption or otherwise, of the principal of, premium, if any, and interest on the Securities and all other obligations of the Issuer under this Indenture (all the foregoing being hereinafter collectively called the *"Obligations"*). The Guarantor further agrees (to the extent permitted by law) that the Obligations may be extended or renewed, in whole or in part, without notice or further assent from it, and that it will remain bound under this Article X notwithstanding any extension or renewal of any Obligation.

The Guarantor waives presentation to, demand of payment from and protest to the Issuer of any of the Obligations and also waives notice of protest for nonpayment. The Guarantor waives notice of any default under the Securities or the Obligations. The obligations of the Guarantor hereunder shall not be affected by (a) the failure of any Holder to assert any claim or demand or to enforce any right or remedy against the Issuer or any other person under this Indenture, the Securities or any other agreement or otherwise; (b) any extension or renewal of any thereof; (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Securities or any other agreement; (d) the release of any security held by any Holder or the Trustee for the Obligations or any of them; or (e) any change in the ownership of the Issuer.

The Guarantor further agrees that the Guarantee herein constitutes a guarantee of payment when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder to any security held for payment of the Obligations.

The obligations of the Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than payment of the Obligations in full), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of the Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder to assert any claim or demand or to enforce any remedy under this Indenture, the Securities or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of the Guarantor or would otherwise operate as a discharge of the Guarantor as a matter of law or equity.

The Guarantor further agrees that the Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any of the Obligations is rescinded or must otherwise be restored by any Holder upon the bankruptcy or reorganization of the Issuer or otherwise.

In furtherance of the foregoing and not in limitation of any other right which any Holder has at law or in equity against the Guarantor by virtue hereof, upon the failure of the Issuer to pay any of the Obligations when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, the Guarantor hereby promises to and will, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders an amount equal to the sum of (i) the unpaid amount of such Obligations then due and owing and (ii) accrued and unpaid interest on such Obligations then due and owing (but only to the extent not prohibited by law).

The Guarantor further agrees that, as between the Guarantor, on the one hand, and the Holders, on the other hand, (x) the maturity of the Obligations guaranteed hereby may be accelerated as provided in this Indenture for the purposes of the Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby and (y) in the event of any such declaration of acceleration of such Obligations, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purposes of this Guarantee.

The Guarantor also agrees to pay any and all reasonable costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or the Holders in enforcing any rights under this Section.

SECTION 10.2. *Limitation on Liability; Termination, Release and Discharge.* The obligations of the Guarantor hereunder will be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of the Guarantor, result in the obligations of the Guarantor under the Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law.

The Guarantor will be automatically released from all its obligations under the Securities, this Indenture and the Guarantee, and the Guarantee will automatically terminate, without any further action being required, at such time as (a) the Guarantor consolidates with, or sells, leases or conveys all or substantially all of its assets to, or merges with or into, the Issuer in accordance with Section 5.1, or (b) the Old Notes cease to be outstanding or the Guarantor's obligations under the Old Notes and the Old Indenture are discharged or defeased pursuant to the terms thereof.

SECTION 10.3. *No Subrogation.* Notwithstanding any payment or payments made by the Guarantor hereunder, the Guarantor shall not be entitled to be subrogated to any of the rights of the Trustee or any Holder against the Issuer or any collateral security or guarantee or right of offset held by the Trustee or any Holder for the payment of the Obligations, nor shall the Guarantor seek or be entitled to seek any contribution or reimbursement from the Issuer in respect of payments made by the Guarantor hereunder, until all amounts owing to the Trustee and the Holders by the Issuer on account of the Obligations are paid in full. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by the Guarantor in trust for the Trustee and the Holders, segregated from other funds of the Guarantor, and shall, forthwith upon receipt by the Guarantor, be turned over to the Trustee in the exact form received by the Guarantor (duly indorsed by the Guarantor to the Trustee, if required), to be applied against the Obligations.

ARTICLE XI

Miscellaneous

SECTION 11.1. *Trust Indenture Act Controls.* If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the provision required by the TIA shall control.

SECTION 11.2. *Notices.* Any notice or communication shall be in writing and delivered in person or mailed by first-class mail addressed as follows:

if to the Issuer:

USA Interactive
152 West 57th Street
New York, New York 10019
Facsimile Number: (212) 314-7497
Attention: General Counsel

if to the Trustee:

JPMorgan Chase Bank
4 New York Plaza, 15th Floor
New York, New York 10004
Facsimile Number: (212) 623-6167

Attention: Institutional Trust Services

Any notices between the Issuer and the Trustee may be by facsimile, with telephone confirmation of receipt and the original to follow by guaranteed overnight courier. The Issuer or the Trustee by notice to the others may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Securityholder shall be mailed to the Securityholder at the Securityholder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 11.3. *Communication by Holders with other Holders.* Securityholders may communicate pursuant to TIA §312(b) with other Securityholders with respect to their rights under this Indenture or the Securities. The Issuer, the Trustee, the Registrar and anyone else shall have the protection of TIA §312(c).

SECTION 11.4. *Certificate and Opinion as to Conditions Precedent.* Upon any request or application by the Issuer to the Trustee to take or refrain from taking any action under this Indenture, the Issuer shall furnish to the Trustee:

(i) an Officers' Certificate of the Issuer in form reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(ii) an Opinion of Counsel of the Issuer in form reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Notwithstanding the foregoing no such Opinion of Counsel shall be given with respect to the authentication and delivery of any Initial Securities.

SECTION 11.5. *Statements Required in Certificate or Opinion.* The certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(i) a statement that the individual making such certificate or opinion has read such covenant or condition;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

SECTION 11.6. *When Securities Disregarded.* In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Issuer or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer (an "Affiliate") shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities which a Trust Officer of the Trustee knows are so owned shall be so disregarded. Also, subject to the foregoing, only Securities outstanding at the time shall be considered in any such determination.

SECTION 11.7. *Rules by Trustee, Paying Agent and Registrar.* The Trustee may make reasonable rules for action by or a meeting of Securityholders. The Registrar and the Paying Agent may make reasonable rules for their functions.

SECTION 11.8. *Governing Law.* This Indenture and the Securities shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 11.9. *No Recourse Against Others.* A director, officer, employee or stockholder (other than the Issuer), as such, of the Issuer or the Guarantor shall not have any liability for any obligations of the Issuer or the Guarantor under the Securities, this Indenture or the Guarantee or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Securities.

SECTION 11.10. *Successors.* All agreements of the Issuer in this Indenture and the Securities shall bind its successors. Subject to Section 10.2, all agreements of the Guarantor in this Indenture shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 11.11 *Multiple Originals.* The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

SECTION 11.12. *Variable Provisions.* The Issuer initially appoints the Trustee as Paying Agent and Registrar and custodian with respect to any Global Securities (as defined in the Appendix hereto).

SECTION 11.13. *Qualification of Indenture.* The Issuer shall qualify this Indenture under the TIA in accordance with the terms and conditions of the Registration Rights Agreement and shall pay all reasonable costs and expenses (including attorneys' fees for the Issuer, the Trustee and the Holders) incurred in connection therewith, including, but not limited to, costs and expenses of qualification of this Indenture and the Securities and printing this Indenture and the Securities. The Trustee shall be entitled to receive from the Issuer any such Officers' Certificates, Opinions of Counsel or other documentation as it may reasonably request in connection with any such qualification of this Indenture under the TIA.

SECTION 11.14. *Table of Contents; Headings.* The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference

only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

USA INTERACTIVE

By /s/ FRED RUBIN

Name: Fred Rubin
Title: Vice President and Treasurer

USANi LLC

By /s/ FRED RUBIN

Name: Fred Rubin
Title: Vice President and Treasurer

JPMORGAN CHASE BANK

By /s/ WILLIAM G. KEENAN

Name: William G. Keenan
Title: Assistant Vice President

EXHIBIT A

[FORM OF FACE OF INITIAL SECURITY]

USA INTERACTIVE

No. __

Principal Amount $ _____,
as revised by the Schedule of Increases and Decreases in Global Security attached hereto

CUSIP NO. _____
ISIN NO. _____

7.00% Senior Notes Due 2013

USA Interactive, a Delaware corporation, for value received, promises to pay to , or registered assigns, the principal sum of Dollars, as revised by the Schedule of Increases and Decreases in Global Security attached hereto, on , 20 .

Interest Payment Dates: January 15 and July 15, commencing [July 15, 2003] [first interest payment date relating to any Additional Securities].

Record Dates: January 1 and July 1.

Additional provisions of this Security are set forth on the other side of this Security.

USA INTERACTIVE

By: _____

Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in the within-mentioned Indenture.

JPMORGAN CHASE BANK,
as Trustee

By _____ Dated: , , 20
Authorized Officer

[FORM OF REVERSE SIDE OF INITIAL SECURITY]

(Reverse of Security)

7.00% Senior Notes Due 2013

1. *Interest*

USA Interactive, a Delaware corporation (together with its successors and assigns under the Indenture hereinafter referred to, being herein called the "Issuer"), promises to pay interest on the principal amount of this Security at the rate per annum shown above; *provided, however,* that if a Registration Default (as defined in the Registration Rights Agreement) occurs, additional cash interest will accrue on this Security at a rate of 0.25% per annum from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured, calculated on the principal

amount of this Security as of the date on which such interest is payable. Such additional cash interest of 0.25% per annum is payable in addition to any other interest payable from time to time with respect to this Security. The Trustee will not be deemed to have notice of a Registration Default until it shall have received actual notice of such Registration Default.

The Issuer will pay interest semiannually on January 15 and July 15 of each year (each such date, an "Interest Payment Date"), commencing [July 15, 2003] [first interest payment date relating to any Additional Securities]. Interest on the Securities will accrue from [December 16, 2002] [date of issuance of any Additional Securities], or from the most recent date to which interest has been paid on the Securities. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. *Method of Payment*

By no later than 12:00 (noon) p.m. (New York City time) on the date on which any Principal of or interest on any Security is due and payable, the Issuer shall irrevocably deposit with the Trustee or the Paying Agent money sufficient to pay such Principal and/or interest. The Issuer will pay interest (except defaulted interest) to the Persons who are registered Holders of Securities at the close of business on the January 1 or July 1 next preceding the interest payment date even if Securities are cancelled, repurchased or redeemed after the record date and on or before the interest payment date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Issuer will pay Principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of Securities represented by a Global Security (including principal, premium, if any, and interest) will be made by the transfer of immediately available funds to the accounts specified by the Depository Trust Company. The Issuer may make all payments in respect of a Definitive Security (including principal, premium, if any, and interest) by mailing a check to the registered address of each Holder thereof or by wire transfer to an account located in the United States maintained by the payee.

3. *Paying Agent and Registrar*

Initially, JPMorgan Chase Bank, a New York banking corporation (the "Trustee"), will act as Paying Agent and Registrar. The Issuer may appoint and change any Paying Agent or Registrar without notice to any Securityholder. The Issuer or any of its domestically organized wholly owned Subsidiaries may act as Paying Agent.

4. *Indenture*

The Issuer issued the Securities under an Indenture dated as of December 16, 2002 (as it may be amended or supplemented from time to time in accordance with the terms thereof, the "Indenture"), among the Issuer, the Guarantor and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 *U.S.C.* §§ 77aaa-77bbbb) as in effect on the date of the Indenture (the "Act"). Capitalized terms

used herein and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the Act for a statement of those terms.

The Securities are senior obligations of the Issuer. The Security is one of the Initial Securities referred to in the Indenture. The Securities include the Initial Securities issued on the Issue Date, any Additional Securities issued in accordance with Section 2.16 of the Indenture and the Exchange Securities issued in exchange for the Initial Securities or Additional Securities pursuant to the Indenture. The Initial Securities, any Additional Securities and the Exchange Securities are treated as a single class of securities under the Indenture. The Indenture imposes certain limitations on the ability of the Issuer and its Subsidiaries to create liens and enter into mergers and consolidations.

To guarantee the due and punctual payment of the principal, premium, if any, and interest on the Securities and all other amounts payable by the Issuer under the Indenture and the Securities when and as the same shall be due and payable, whether at maturity, by acceleration or otherwise, according to the terms of the Securities and the Indenture, the Guarantor has unconditionally guaranteed such obligations on a senior basis pursuant to the terms of the Indenture.

The Guarantor will be automatically released from all its obligations under the Securities, the Indenture and the Guarantee, and the Guarantee will automatically terminate, pursuant to Section 10.2 of the Indenture.

5. *Optional Redemption*

The Securities are redeemable, in whole or in part, at any time and from time to time, at the option of the Issuer, at a redemption price equal to the greater of (i) 100% of the principal amount of such Securities and (ii) the sum of the present values of the Remaining Scheduled Payments, obtained by discounting the Remaining Scheduled Payments to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, plus accrued interest thereon to the date of redemption.

"Treasury Rate" means, with respect to any redemption date for the Securities, the rate per annum equal to the semiannual equivalent yield to maturity (computed as of the second Business Day immediately preceding such redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities to be redeemed. "Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Issuer.

"Comparable Treasury Price" means, with respect to any redemption date for the Securities, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations. "Reference Treasury Dealer Quotations"

means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal

amount) quoted in writing to the Trustee by such Reference Treasury Dealer as of 3:30 p.m., New York time, on the third Business Day preceding such redemption date.

"Reference Treasury Dealer" means each of Lehman Brothers Inc. (and its successors) and three other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by the Issuer; *provided, however,* that if any of the foregoing shall cease to be a primary U.S. Government securities dealer (a "Primary Treasury Dealer"), the Issuer shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"Remaining Scheduled Payments" means, with respect to each Security to be redeemed, the remaining scheduled payments of the Principal thereof and interest thereon that would be due after the related redemption date but for such redemption; *provided, however,* that, if such redemption date is not an Interest Payment Date with respect to such Security, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

Except as set forth above, the Securities will not be redeemable by the Issuer prior to maturity and will not be entitled to the benefit of any sinking fund.

6. *Notice of Redemption*

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date by first-class mail to each Holder of Securities to be redeemed at his registered address. Securities in denominations of principal amount larger than $1,000 may be redeemed in part but only in whole multiples of $1,000. If money sufficient to pay the redemption price of and accrued and unpaid interest on all Securities (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Securities (or such portions thereof) called for redemption.

7. *Registration Rights*

The Issuer is party to an Exchange and Registration Rights Agreement, dated as of December 16, 2002, among the Issuer, the Guarantor and Lehman Brothers Inc. and J.P. Morgan Securities Inc. pursuant to which it is obligated to pay Additional Interest (as defined therein) upon the occurrence of certain Registration Defaults (as defined therein).

8. *Denominations; Transfer; Exchange*

The Securities are in registered form without coupons in denominations of principal amount of $1,000 and whole multiples of $1,000. A Holder may register, transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) for a period beginning 15 days before a selection of Securities to be redeemed and ending on the date of such selection.

9. *Persons Deemed Owners*

The registered holder of this Security may be treated as the owner of it for all purposes.

10. *Unclaimed Money*

If money for the payment of Principal or interest remains unclaimed for two years after the date of payment of Principal and interest, the Trustee or Paying Agent shall pay the money back to the Issuer at its request unless an abandoned property law designates another Person. After any such

payment, Holders entitled to the money must look only to the Issuer and not to the Trustee for payment.

Anything in this Section to the contrary notwithstanding, in the absence of a written request from the Issuer to return unclaimed funds to the Issuer, the Trustee shall from time to time deliver all unclaimed funds to or as directed by applicable escheat authorities, as determined by the Trustee in its sole discretion, in accordance with the customary practices and procedures of the Trustee.

11. *Defeasance*

Subject to certain conditions set forth in the Indenture, the Issuer at any time may terminate some or all of its obligations under the Securities and the Indenture if the Issuer deposits with the Trustee money or U.S. Government Obligations for the payment of Principal of and interest on the Securities to redemption or maturity, as the case may be.

12. *Amendment, Waiver*

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Securities may be amended with the written consent of the Holders of at least a majority in principal amount of the outstanding Securities and (ii) any default or noncompliance with any provision of the Indenture or the Securities may be waived with the written consent of the Holders of a majority in principal amount of the outstanding Securities. Subject to certain exceptions set forth in the Indenture, without the consent of any Securityholder, the Issuer and the Trustee may amend the Indenture or the Securities to cure any ambiguity, omission, defect

or inconsistency, or to comply with Article 5 of the Indenture, or to provide for uncertificated Securities in addition to or in place of certificated Securities, or to add guarantees with respect to the Securities or to add security for the Securities, or to add additional covenants of or surrender rights and powers conferred on the Issuer, or to comply with any request of the SEC in connection with qualifying the Indenture under the Act, or to make any change that does not adversely affect the rights of any Securityholder.

13. *Defaults and Remedies*

Under the Indenture, Events of Default include (i) default for 30 days in payment of interest on the Securities; (ii) default in payment of Principal on the Securities at maturity, upon redemption pursuant to paragraph 5 of the Securities, upon declaration or otherwise; (iii) failure by the Issuer to comply with other agreements in the Indenture or the Securities, subject to notice and lapse of time; (iv) a failure to pay within any grace period after maturity other indebtedness of the Issuer in an amount in excess of $25 million, subject to notice and lapse of time; *provided*, *however*, that if any such failure shall cease, then the Event of Default by reason thereof shall be deemed likewise to have been cured; (v) certain accelerations of other indebtedness of the Issuer if the amount accelerated exceeds $25 million, subject to notice and lapse of time; *provided*, *however*, that if any such default or acceleration shall be cured, waived, rescinded or annulled, then the Event of Default by reason thereof shall be deemed likewise to have been cured; (vi) except as contemplated by the terms of the Indenture, the Guarantee ceasing to be in full force and effect or the Guarantor denying or disaffirming in writing its obligations under the Indenture or the Guarantee and (vii) certain events of bankruptcy or insolvency involving the Issuer.

If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the Securities may declare all the Securities to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Securities being due and payable immediately upon the occurrence of such Events of Default.

Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives reasonable indemnity or security. Subject to certain limitations, Holders of a majority in principal

amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing Default or Event of Default (except a Default or Event of Default in payment of Principal or interest) if it determines that withholding notice is not opposed to their interest.

14. *Trustee Dealings with the Issuer*

Subject to certain limitations set forth in the Indenture, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Issuer and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee.

15. *No Recourse Against Others*

A director, officer, employee or stockholder (other than the Issuer), as such, of each of the Issuer or the Guarantor shall not have any liability for any obligations of the Issuer or the Guarantor under the Securities, the Indenture or the Guarantee or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

16. *Authentication*

This Security shall not be valid until an authorized officer of the Trustee (or an authenticating agent acting on its behalf) manually signs the certificate of authentication on the other side of this Security.

17. *Abbreviations*

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (tenants in common), TEN ENT (tenants by the entirety), JT TEN (joint tenants with rights of survivorship and not as tenants in common), CUST (custodian) and U/G/M/A (Uniform Gift to Minors Act).

18. *[CUSIP Numbers*

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures the Issuer has caused CUSIP numbers and/or other similar numbers to be printed on the Securities and has directed the Trustee to use CUSIP numbers and/or other similar numbers in notices of redemption as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.] [For Securities to be issued with CUSIP numbers.]

19. *Governing Law*

This Security shall be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint agent to transfer this Security on the books of the Issuer. The agent may substitute another to act for him.

Date: _____ Your Signature: _____

Signature Guarantee: _____
(Signature must be guaranteed by a participant in a recognized Signature Guarantee Medallion Program or other signature guarantor program reasonably acceptable to the Trustee)

Sign exactly as your name appears on the other side of this Security.

In connection with any transfer or exchange of any of the certificated Securities evidenced by this certificate occurring prior to the date that is two years after the later of the date of original issuance of such Securities and the last date, if any, on which such Securities were owned by the Issuer or any Affiliate of the Issuer, the undersigned confirms that such Securities are being transferred:

CHECK ONE BOX BELOW:

(1)	o	to the Issuer; or
(2)	o	pursuant to an effective registration statement under the Securities Act of 1933; or
(3)	o	inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or
(4)	o	outside the United States in an offshore transaction within the meaning of Regulation S under the Securities Act in compliance with Regulation S under the Securities Act of 1933; or
(5)	o	uprsuant to the exemption from registration provided by Rule 144 under the Securities act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any of the certificated Securities evidenced by this certificate in the name of any Person other than the registered holder thereof; *provided*, *however*, that if box (4) or (5) is checked, the Trustee may require, prior to registering any such transfer of the Securities, such legal opinions, certifications and other information as the Issuer has reasonably requested to confirm that such transfer is being made pursuant to an exemption from,

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or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act.

_____
Signature

Signature Guarantee:

_____ _____

(Signature must be guaranteed by a participant in a recognized Signature Guarantee Medallion Program or other signature guarantor program reasonably acceptable to the Trustee)

Signature

TO BE COMPLETED BY PURCHASER IF (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this certificated Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: _____ _____

NOTICE: To be executed by an executive officer

Signature Guarantee:

_____ _____

(Signature must be guaranteed by a participant in a recognized Signature Guarantee Medallion Program or

Signature

other signature guarantor program reasonably acceptable to the Trustee)

[TO BE ATTACHED TO GLOBAL SECURITIES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Security	Amount of increase in in Principal Amount of this Global Security	Principal Amount of this Global Security following such decrease or increase	Signature of authorized officer of Trustee or Securities Custodian

EXHIBIT B

[FORM OF FACE OF EXCHANGE SECURITY]
USA INTERACTIVE

No. _____

Principal Amount $_____, as revised by the Schedule of Increases and Decreases in Global Security attached hereto

CUSIP NO. _____
ISIN NO. _____

7.00% Senior Notes Due 2013

USA Interactive, a Delaware corporation, for value received, promises to pay to _____, or registered assigns, the principal sum of _____ Dollars on _____, 20__.

Interest Payment Dates: January 15 and July 15, commencing [July 15, 2003] [first interest payment date relating to any Additional Securities].

Record Dates: January 1 and July 1.

Additional provisions of this Security are set forth on the other side of this Security.

USA INTERACTIVE

By

Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in the within-mentioned Indenture.

JPMORGAN CHASE BANK,

By _____ Dated: _____

Authorized Officer

[FORM OF REVERSE SIDE OF EXCHANGE SECURITY]

7.00% Senior Notes Due 2013

1. *Interest*

USA Interactive, a Delaware corporation (together with its successors and assigns under the Indenture hereinafter referred to, being herein called the "Issuer"), promises to pay interest on the principal amount of this Security at the rate per annum shown above.

The Issuer will pay interest semiannually on January 15 and July 15 of each year (each such date, an "Interest Payment Date"), commencing [July 15, 2003] [first interest payment date relating to any Additional Securities]. Interest on the Securities will accrue from [December 16, 2002] [date of issuance of any Additional Securities], or from the most recent date to which interest has been paid on the Securities. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. *Method of Payment*

By no later than 12:00 (noon) p.m. (New York City time) on the date on which any Principal of or interest on any Security is due and payable, the Issuer shall irrevocably deposit with the Trustee or the Paying Agent money sufficient to pay such Principal and/or interest. The Issuer will pay interest (except defaulted interest) to the Persons who are registered Holders of Securities at the close of business on the January 1 or July 1 next preceding the Interest Payment Date even if Securities are cancelled, repurchased or redeemed after the record date and on or before the Interest Payment Date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Issuer will pay Principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of Securities represented by a Global Security (including principal, premium, if any, and interest) will be made by the transfer of immediately available funds to the accounts specified by the Depository Trust Company. The Issuer may make all payments in respect of a Definitive Security (including principal, premium, if any, and interest) by mailing a check to the registered address of each Holder thereof or by wire transfer to an account located in the United States maintained by the payee.

3. *Paying Agent and Registrar*

Initially, JPMorgan Chase Bank, a New York banking corporation (the "Trustee"), will act as Paying Agent and Registrar. The Issuer may appoint and change any Paying Agent or Registrar without notice to any Securityholder. The Issuer or any of its domestically organized wholly owned Subsidiaries may act as Paying Agent.

4. *Indenture*

The Issuer issued the Securities under an Indenture dated as of December 16, 2002 (as it may be amended or supplemented from time to time in accordance with the terms thereof, the "Indenture"), among the Issuer, the Guarantor and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 *U.S.C.* §§ 77aaa-77bbbb) as in effect on the date of the Indenture (the "Act"). Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the Act for a statement of those terms.

The Securities are senior obligations of the Issuer. The Security is one of the Exchange Securities referred to in the Indenture. The Securities include the Initial Securities issued on the Issue Date, any Additional Securities issued in accordance with Section 2.16 of the Indenture and any Exchange Securities issued in exchange for the Initial Securities pursuant to the Indenture and the Registration Rights Agreement. The Initial Securities, any Additional Securities and the Exchange Securities are

treated as a single class of securities under the Indenture. The Indenture imposes certain limitations on the ability of the Issuer and its subsidiaries to create liens and enter into mergers and consolidations.

To guarantee the due and punctual payment of the principal, premium, if any, and interest on the Securities and all other amounts payable by the Issuer under the Indenture and the Securities when and as the same shall be due and payable, whether at maturity, by acceleration or otherwise, according to the terms of the Securities and the Indenture, the Guarantor has unconditionally guaranteed such obligations on a senior basis pursuant to the terms of the Indenture.

The Guarantor will be automatically released from all its obligations under the Securities, the Indenture and the Guarantee, and the Guarantee will automatically terminate, pursuant to Section 10.2 of the Indenture.

5. *Optional Redemption*

The Securities are redeemable, in whole or in part, at any time and from time to time, at the option of the Issuer, at a redemption price equal to the greater of (i) 100% of the principal amount of such Securities and (ii) the sum of the present values of the Remaining Scheduled Payments of Principal, obtained by discounting the Remaining Scheduled Payments to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, plus accrued interest thereon to the date of redemption.

"Treasury Rate" means, with respect to any redemption date for the Securities, the rate per annum equal to the semiannual equivalent yield to maturity (computed as of the second Business Day immediately preceding such redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities to be redeemed. "Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Issuer.

"Comparable Treasury Price" means, with respect to any redemption date for the Securities, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations. "Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer as of 3:30 p.m., New York time, on the third Business Day preceding such redemption date.

"Reference Treasury Dealer" means each of Lehman Brothers Inc. (and its successors) and three other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by the Issuer; *provided, however*, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer (a "Primary Treasury Dealer"), the Issuer shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"Remaining Scheduled Payments" means, with respect to each Security to be redeemed, the remaining scheduled payments of the Principal thereof and interest thereon that would be due after the related redemption date but for such redemption; *provided, however*, that, if such redemption date is not an Interest Payment Date with respect to such Security, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

Except as set forth above, the Securities will not be redeemable by the Issuer prior to maturity and will not be entitled to the benefit of any sinking fund.

6. *Notice of Redemption*

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date by first-class mail to each Holder of Securities to be redeemed at his registered address. Securities in denominations of principal amount larger than $1,000 may be redeemed in part but only in whole multiples of $1,000. If money sufficient to pay the redemption price of and accrued and unpaid interest on all Securities (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Securities (or such portions thereof) called for redemption.

7. *Denominations; Transfer; Exchange*

The Securities are in registered form without coupons in denominations of principal amount of $1,000 and whole multiples of $1,000. A Holder may register transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) for a period beginning 15 days before a selection of Securities to be redeemed and ending on the date of such selection.

8. *Persons Deemed Owners*

The registered holder of this Security may be treated as the owner of it for all purposes.

9. *Unclaimed Money*

If money for the payment of Principal or interest remains unclaimed for two years after the date of payment of Principal and interest, the Trustee or Paying Agent shall pay the money back to the Issuer at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Issuer and not to the Trustee for payment.

Anything in this Section to the contrary notwithstanding, in the absence of a written request from the Issuer to return unclaimed funds to the Issuer, the Trustee shall from time to time deliver all unclaimed funds to or as directed by applicable escheat authorities, as determined by the Trustee in its sole discretion, in accordance with the customary practices and procedures of the Trustee.

10. *Defeasance*

Subject to certain conditions set forth in the Indenture, the Issuer at any time may terminate some or all of its obligations under the Securities and the Indenture if the Issuer deposits with the Trustee money or U.S. Government Obligations for the payment of Principal of and interest on the Securities to redemption or maturity, as the case may be.

11. *Amendment, Waiver*

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Securities may be amended with the written consent of the Holders of at least a majority in principal amount of the outstanding Securities and (ii) any default or noncompliance with any provision of the Indenture or the Securities may be waived with the written consent of the Holders of a majority in principal amount of the outstanding Securities. Subject to certain exceptions set forth in the Indenture, without the consent of any Securityholder, the Issuer and the Trustee may amend the Indenture or the Securities to cure any ambiguity, omission, defect or inconsistency, or to comply with Article 5 of the Indenture, or to provide for uncertificated Securities in addition to or in place of certificated Securities, or to add guarantees with respect to the Securities or to add security for the Securities, or to add additional covenants of or surrender rights and powers conferred on the Issuer, or to comply with any request of the SEC in connection with qualifying the Indenture under the Act, or to make any change that does not adversely affect the rights of any Securityholder.

12. *Defaults and Remedies*

Under the Indenture, Events of Default include (i) default for 30 days in payment of interest on the Securities; (ii) default in payment of principal on the Securities at maturity, upon redemption pursuant to paragraph 5 of the Securities, upon declaration or otherwise; (iii) failure by the Issuer to comply with other agreements in the Indenture or the Securities, subject to notice and lapse of time; (iv) a failure to pay within any grace period after maturity other indebtedness of the Issuer in an amount in excess of $25 million, subject to notice and lapse of time; *provided, however*, that if any such failure shall cease, then the Event of Default by reason thereof shall be deemed likewise to have been cured; (v) certain accelerations of other indebtedness of the Issuer if the amount accelerated exceeds $25 million, subject to notice and lapse of time; *provided, however*, that if any such default or acceleration shall be cured, waived, rescinded or annulled,

then the Event of Default by reason thereof shall be deemed likewise to have been cured; (vi) except as contemplated by the terms of the Indenture, the Guarantee ceasing to be in full force and effect or the Guarantor denying or disaffirming in writing its obligations under the Indenture of the Guarantee or (vii) certain events of bankruptcy or insolvency with respect to the Issuer.

If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the Securities may declare all the Securities to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Securities being due and payable immediately upon the occurrence of such Events of Default.

Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives reasonable indemnity or security. Subject to certain limitations, Holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing Default or Event of Default (except a Default or Event of Default in payment of Principal or interest) if it determines that withholding notice is not opposed to their interest.

13. *Trustee Dealings with the Issuer*

Subject to certain limitations set forth in the Indenture, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Issuer and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee.

14. *No Recourse Against Others*

A director, officer, employee or stockholder (other than the Issuer), as such, of each of the Issuer or the Guarantor shall not have any liability for any obligations of the Issuer or the Guarantor under the Securities, the Indenture or the Guarantee or for any claim based on, in respect of or by reason of

such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

15. *Authentication*

This Security shall not be valid until an authorized officer of the Trustee (or an authenticating agent acting on its behalf) manually signs the certificate of authentication on the other side of this Security.

16. *Abbreviations*

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (tenants in common), TEN ENT (tenants by the entirety), JT TEN (joint tenants with rights of survivorship and not as tenants in common), CUST (custodian) and U/G/M/A (Uniform Gift to Minors Act).

17. *[CUSIP Numbers*

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures the Issuer has caused CUSIP numbers and/or other similar numbers to be printed on the Securities and has directed the Trustee to use CUSIP numbers and/or other similar numbers in notices of redemption as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.] [For Securities to be issued with CUSIP numbers.]

18. *Governing Law*

This Security shall be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint agent to transfer this Security on the books of the Issuer. The agent may substitute another to act for him.

Date: _____ Your Signature: _____

Signature Guarantee: _____
(Signature must be guaranteed by a participant in a recognized Signature

Guarantee Medallion Program or other signature guarantor program reasonably acceptable to the Trustee)

Sign exactly as your name appears on the other side of this Security.

EXHIBIT C

[Date]

JPMorgan Chase Bank
15th Floor
4 New York Plaza
New York, NY 10001
Attention: Institutional Trust Services

Re: USA Interactive.
7.00% Senior Notes due 2013 (the "Securities")

Ladies and Gentlemen:

In connection with our proposed sale of $750,000,000 aggregate principal amount of the Securities, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

(a) the offer of the Securities was not made to a person in the United States;

(b) either (i) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903 or Rule 904 of Regulation S, as applicable;

(d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and

(e) [in the case of a transfer prior to the expiration of the Restricted Period] the beneficial interests in the Securities will be held, immediately after their transfer, through Euroclear System, or Clearstream Banking, société anonym.

In addition, if the sale is made during a restricted period, we confirm that such sale has been made in accordance with the applicable provisions of Rule 903 or Rule 904, as the case may be.

You and the Issuer is entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By: _____

_____ Signature Medallion Guaranteed

Authorized Signature

QuickLinks -- Click here to rapidly navigate through this document

EXHIBIT 4.3

USA INTERACTIVE

$750,000,000 7.00% Senior Notes due 2013

EXCHANGE AND REGISTRATION RIGHTS AGREEMENT

December 16, 2002

LEHMAN BROTHERS INC.
J.P. MORGAN SECURITIES INC.
c/o Lehman Brothers Inc.
745 7th Avenue
New York, New York 10019

Ladies and Gentlemen:

USA Interactive, a Delaware corporation (the "Issuer") proposes to issue and sell, and USANi LLC, a limited liability company organized under the laws of the state of Delaware ("*USANi LLC*"), (the "*Guarantor*") proposes to unconditionally guarantee until 6 3/4% notes due 2005 co-issued by the Issuer and the Guarantor are no longer outstanding or the Guarantor's obligations with respect to such notes have been discharged or defeased (the "*Guarantee*"), and Lehman Brothers Inc. and J.P. Morgan Securities Inc. (collectively, the "*Initial Purchasers*"), propose to buy, upon the terms and subject to the conditions set forth in a purchase agreement dated December 11, 2002 (the "*Purchase Agreement*"), $750,000,000 aggregate principal amount of 7.00% Senior Notes due 2013 (the "*Notes*" and, together with the Guarantee, the "*Securities*"). Capitalized terms used but not defined herein shall have the meanings given to such terms in the Purchase Agreement.

As an inducement to the Initial Purchasers to enter into the Purchase Agreement and in satisfaction of a condition to the obligations of the Initial Purchasers thereunder, the Issuer and the Guarantor (subject to Section 11) agree with the Initial Purchasers, for the benefit of the holders (including the Initial Purchasers) of the Securities and the Exchange Securities (as defined herein) (collectively, the "*Holders*"), as follows:

1. *Registered Exchange Offer.* The Issuer and the Guarantor shall (i) prepare and, not later than 120 days following the date of original issuance of the Securities (the "*Issue Date*"), file with the Commission a registration statement (the "*Exchange Offer Registration Statement*") on an appropriate form under the Securities Act with respect to a proposed offer to the Holders of the Securities (the "*Registered Exchange Offer*") to issue and deliver to such Holders, in exchange for the Notes and the Guarantee, a like aggregate principal amount of debt securities of the Issuer (collectively, the "*Exchange Notes*") and the guarantee of the Exchange Notes by the Guarantor (the "*Exchange Guarantee*" and, together with the Exchange Notes, the "*Exchange Securities*") that are identical in all material respects to the Securities, except for the transfer restrictions relating to the Notes, (ii) use their respective reasonable best efforts to cause the Exchange Offer Registration Statement to become effective under the Securities Act no later than 210 days after the Issue Date and the Registered Exchange Offer to be consummated no later than 240 days after the Issue Date and (iii) keep the Exchange Offer Registration Statement effective for not less than 20 business days (or longer, if required by applicable law) after the date on which notice of the Registered Exchange Offer is mailed to the Holders (such period being called the "*Exchange Offer Registration Period*"). The Exchange Securities will be issued under the Indenture or an indenture (the "*Exchange Securities Indenture*") among the Issuer, the Guarantor and the Trustee or such other bank or trust company that is reasonably satisfactory to the Initial Purchasers, as trustee (the "*Exchange Securities Trustee*"), such indenture to be identical in all material respects to the Indenture, except for the transfer restrictions relating to the Securities (as described above).

The Issuer and the Guarantor shall commence the Registered Exchange Offer as soon as practicable after the effectiveness of the Exchange Offer Registration Statement, it being the objective

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of such Registered Exchange Offer to enable each Holder electing to exchange Securities for Exchange Securities (assuming that such Holder (a) is not an affiliate of the Issuer or the Guarantor or an Exchanging Dealer (as defined herein) not complying with the requirements of the next sentence, (b) acquires the Exchange Securities in the ordinary course of such Holder's business and (c) has no arrangements or understandings with any person to participate in the distribution of the Exchange Securities) and to trade such Exchange Securities from and after their receipt without any limitations or restrictions under the Securities Act and without material restrictions under the securities laws of the several states of the United States. The Issuer, the Guarantor, the Initial Purchasers and each Exchanging Dealer acknowledge that, pursuant to current interpretations by the Commission's staff of Section 5 of the Securities Act, each Holder that is a broker-dealer electing to exchange Securities, acquired for its own account as a result of market-making activities or other trading activities, for Exchange Securities (an "*Exchanging Dealer*"), is required to deliver a prospectus containing substantially the information set forth in Annex A hereto on the cover, in Annex B hereto in the "*Exchange Offer Procedures*" section and the "*Purpose of the Exchange Offer*" section and in Annex C hereto in the "*Plan of Distribution*" section of such prospectus in connection with a sale of any such Exchange Securities received by such Exchanging Dealer pursuant to the Registered Exchange Offer.

In connection with the Registered Exchange Offer, the Issuer and the Guarantor shall:

(a) mail to each Holder a copy of the prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(b) keep the Registered Exchange Offer open for not less than 20 business days (or longer, if required by applicable law) after the date on which notice of the Registered Exchange Offer is mailed to the Holders;

(c) utilize the services of a depositary for the Registered Exchange Offer with an address in the Borough of Manhattan, The City of New York which may be the Trustee or an affiliate of the Trustee;

(d) permit Holders to withdraw tendered Securities at any time prior to the close of business, New York City time, on the last business day on which the Registered Exchange Offer shall remain open; and

(e) otherwise comply with all laws that are applicable to the Registered Exchange Offer.

As soon as practicable after the close of the Registered Exchange Offer the Issuer and the Guarantor shall:

(a) accept for exchange all Securities tendered and not validly withdrawn pursuant to the Registered Exchange Offer;

(b) deliver to the Trustee for cancellation all Securities so accepted for exchange; and

(c) cause the Trustee or the Exchange Securities Trustee, as the case may be, promptly to authenticate and deliver to each Holder, Exchange Securities equal in principal amount to the Securities of such Holder so accepted for exchange.

The Issuer and the Guarantor shall use their respective reasonable best efforts to keep the Exchange Offer Registration Statement effective and to amend and supplement the prospectus contained therein in order to permit such prospectus to be used by all persons subject to the prospectus delivery requirements of the Securities Act for such period of time as such persons must comply with such requirements in order to resell the Exchange Securities; *provided* that (i) in the case where such prospectus and any amendment or supplement thereto must be delivered by an Exchanging Dealer, such period shall be the lesser of 180 days and the date on which all Exchanging Dealers have sold all Exchange Securities held by them and (ii) the Issuer and the Guarantor shall make such prospectus and any amendment or supplement thereto available to any broker-dealer for use in

connection with any resale of any Exchange Securities for a period of not less than 90 days after the consummation of the Registered Exchange Offer.

The Indenture or the Exchange Securities Indenture, as the case may be, shall provide that the Securities and the Exchange Securities shall vote and consent together on all matters as one class and that none of the Securities or the Exchange Securities will have the right to vote or consent as a separate class on any matter.

Interest on each Exchange Security issued pursuant to the Registered Exchange Offer will accrue from the last interest payment date on which interest was paid on the Securities surrendered in exchange therefor or, if no interest has been paid on the Securities, from the Issue Date.

Each Holder participating in the Registered Exchange Offer shall be required to represent to the Issuer and the Guarantor that at the time of the consummation of the Registered Exchange Offer (i) any Exchange Securities received by such Holder will be acquired in the ordinary course of business, (ii) such Holder will have no arrangements or understanding with any person to participate in the distribution of the Securities or the Exchange Securities within the meaning of the Securities Act, (iii) such Holder is not an affiliate of the Issuer or the Guarantor or, if it is such an affiliate, such Holder will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable, (iv) if such Holder is not a broker-dealer, that it is not engaged in, and does not intend to engage in, the distribution of the Exchange Securities and (v) if such Holder is a broker-dealer, that it will receive Exchange Securities for its own account in exchange for Securities that were acquired as a result of market-making activities or other trading activities and that it will be required to acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities.

Notwithstanding any other provisions hereof, the Issuer and the Guarantor will ensure that (i) any Exchange Offer Registration Statement and any amendment thereto and any prospectus forming part thereof and any supplement thereto complies in all material respects with the Securities Act and the rules and regulations of the Commission thereunder, (ii) any Exchange Offer Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any prospectus forming part of any Exchange Offer Registration Statement, and any supplement to such prospectus, does not, as of the consummation of the Registered Exchange Offer, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

2. *Shelf Registration.* If (i) because of any change in law or applicable interpretations thereof by the Commission's staff the Issuer and the Guarantor are not permitted to effect the Registered Exchange Offer as contemplated by Section 1 hereof, or (ii) for any other reason the Registered Exchange Offer is not consummated within 240 days after the Issue Date, or (iii) any Initial Purchaser so requests with respect to Securities not eligible to be exchanged for Exchange Securities in the Registered Exchange Offer and held by it following the consummation of the Registered Exchange Offer, or (iv) any applicable law or interpretations do not permit any Holder to participate in the Registered Exchange Offer, or (v) any Holder that participates in the Registered Exchange Offer does not receive freely transferable Exchange Securities in exchange for tendered Securities, or (vi) the Issuer so elects, then the following provisions shall apply:

(a) The Issuer and the Guarantor shall use their respective reasonable best efforts to file as promptly as practicable (but in no event more than 45 days after so required or requested pursuant to this Section 2) with the Commission, and thereafter shall use their respective reasonable best efforts to cause to be declared effective, a shelf registration statement on an appropriate form under the Securities Act relating to the offer and sale of the Transfer Restricted Securities (as defined herein) by the Holders thereof from time to time in accordance with the methods of distribution set forth in such

registration statement (hereafter, a "*Shelf Registration Statement*" and, together with any Exchange Offer Registration Statement, a "*Registration Statement*"); *provided, however,* that no Holder (other than an Initial Purchaser) shall be entitled to have the Securities held by it covered by such Shelf Registration Statement unless such Holder agrees in writing to be bound by all the provisions of this Agreement applicable to such Holder.

(b) The Issuer and the Guarantor shall use their respective reasonable best efforts to keep the Shelf Registration Statement continuously effective in order to permit the prospectus forming part thereof to be used by Holders of Transfer Restricted Securities for a period of two years from the Issue Date or such shorter period that will terminate when all the Transfer Restricted Securities covered by the Shelf Registration Statement have been sold pursuant thereto or are no longer restricted securities (as defined in Rule 144 under the Securities Act, or any successor rule thereof) (in any such case, such period being called the "*Shelf*

Registration Period"). The Issuer and the Guarantor shall be deemed not to have used their respective reasonable best efforts to keep the Shelf Registration Statement effective during the requisite period if it voluntarily takes any action that would result in Holders of Transfer Restricted Securities covered thereby not being able to offer and sell such Transfer Restricted Securities during that period, unless such action is required by applicable law.

(c) Notwithstanding any other provisions hereof, the Issuer and the Guarantor will ensure that (i) any Shelf Registration Statement and any amendment thereto and any prospectus forming part thereof and any supplement thereto complies in all material respects with the Securities Act and the rules and regulations of the Commission thereunder, (ii) any Shelf Registration Statement and any amendment thereto (in either case, other than with respect to information included therein in reliance upon or in conformity with written information furnished to the Issuer and the Guarantor by or on behalf of any Holder specifically for use therein (the "*Holders' Information*")) does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any prospectus forming part of any Shelf Registration Statement, and any supplement to such prospectus (in either case, other than with respect to Holders' Information), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) Notwithstanding anything to the contrary set forth in this Agreement, if the Issuer and the Guarantor are required to file a Shelf Registration Statement pursuant to this Section 2, the Issuer and the Guarantor may postpone or suspend the filing or effectiveness of such Shelf Registration Statement (or any amendment or supplements thereto) (the "*Suspension Period*") (i) if such action is required by applicable law or (ii) for up to an aggregate of 60 days (but for not more than 30 consecutive days) during any consecutive 365 day period, if such action is taken by the Issuer and the Guarantor in good faith and for valid business reasons (not including the avoidance of the obligations of the Issuer or the Guarantor hereunder), including the premature disclosure of material nonpublic information which, if disclosed at such time, would be materially harmful to the interests of the Issuer and the Guarantor and their respective shareholders, so long as the Issuer and the Guarantor promptly thereafter comply with the requirements of this Section 2; provided that, in the case of (i) and (ii), the Shelf Registration Period shall be extended by the length of the Suspension Period. This Section 2(d) shall not affect the obligations of the Issuer or the Guarantor, if any, to pay Additional Interest pursuant to Section 3 of this Agreement.

3. *Additional Interest.* (a) The parties hereto agree that the Holders of Transfer Restricted Securities will suffer damages if the Issuer or the Guarantor fail to fulfill their obligations under Section 1 or Section 2, as applicable, and that it would not be feasible to ascertain the extent of such damages. Accordingly, if (i) the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, is not filed with the Commission on or prior to 120 days after the Issue Date (or in the case of a Shelf Registration Statement required to be filed in response to change in law

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or the applicable interpretations of Commission's staff, if later, within 45 days after publication of the change in law or interpretation), (ii) the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, is not declared effective within 210 days after the Issue Date or, if later, within 90 days after the filing date required under clause (i) above (or in the case of a Shelf Registration Statement required to be filed in response to a change in law or the applicable interpretations of Commission's staff, if later, within 45 days after publication of the change in law or interpretation), (iii) the Registered Exchange Offer is not consummated on or prior to 240 days after the Issue Date or, if later, within 30 days after the date any Registration Statement is required to be declared effective under clause (ii) above, or (iv) the Shelf Registration Statement is filed and declared effective within 210 days after the Issue Date or, if later, within 90 days after the filing date required under clause (i) above (or in the case of a Shelf Registration Statement required to be filed in response to a change in law or the applicable interpretations of Commission's staff, if later, within 45 days after publication of the change in law or interpretation) but shall thereafter cease to be effective (at any time that the Issuer and the Guarantor are obligated to maintain the effectiveness thereof) without being succeeded within 90 days by an additional Registration Statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "*Registration Default*"), additional cash interest ("*Additional Interest*") will accrue on the Notes at the rate of 0.25% per annum from and including the date on which any such Registration Default shall occur to but excluding the date on which (i) the applicable Registration Statement is filed, (ii) the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, is declared effective, (iii) the Registered Exchange Offer is consummated or (iv) the Shelf Registration Statement again becomes effective, as the case may be. Following the cure of all Registration Defaults, the accrual of Additional Interest will cease. As used herein, the term "*Transfer Restricted Securities*" means (i) each Security until the date on which such Security has been exchanged for a freely transferable Exchange Security in the Registered Exchange Offer, (ii) each Security until the date on which it has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement or (iii) each Security until the date on which it is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act. Notwithstanding anything to the contrary in this Section 3(a), the Issuer and the Guarantor shall not be required to pay Additional Interest to a Holder of Transfer Restricted Securities if such Holder failed to comply with its obligations to make the representations set forth in the second to last paragraph of Section 1 or failed to provide the information required to be provided by it, if any, pursuant to Section 4(n). The Issuer and Guarantor shall have no obligation to pay additional Additional Interest in respect of any subsequent Registration Default so long as the Notes continue to accrue Additional Interest with respect to an earlier Registration Default.

(b) The Issuer and the Guarantor shall notify the Trustee and the Paying Agent under the Indenture immediately upon the happening of each and every Registration Default. The Issuer and the Guarantor shall pay the Additional Interest due on the Transfer Restricted Securities by depositing with the Paying Agent (which may not be the Issuer or the Guarantor for these purposes), in trust, for the benefit of the Holders thereof, prior to 10:00 a.m., New York City time, on the next interest payment date specified by the Indenture and the Securities, sums sufficient to pay the Additional Interest then due. The Additional Interest due shall be payable on each interest payment date specified by the Indenture and the Securities to the record holder entitled to receive the interest payment to be made on such date. Each obligation to pay Additional Interest shall be deemed to accrue from and including the date of the applicable Registration Default.

(c) The parties hereto agree that the Additional Interest provided for in this Section 3 constitutes a reasonable estimate of and is intended to constitute the sole damages that will be suffered by Holders of Transfer Restricted Securities by reason of the failure of (i) the Shelf Registration Statement or the Exchange Offer Registration Statement to be filed, (ii) the Shelf Registration Statement to be declared effective, (iii) the Shelf Registration Statement to again become effective or (iv) the Exchange Offer

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Registration Statement to be declared effective and the Registered Exchange Offer to be consummated, in each case to the extent required by this Agreement.

4. *Registration Procedures.* In connection with any Registration Statement, the following provisions shall apply:

(a) The Issuer and the Guarantor shall (i) furnish to each Initial Purchaser, prior to the filing thereof with the Commission, a copy of the Registration Statement and each amendment thereof and each supplement, if any, to the prospectus included therein and shall use their reasonable best efforts to reflect in each such document, when so filed with the Commission, such comments as any Initial Purchaser may reasonably propose on a timely basis; (ii) include the information set forth in Annex A hereto on the cover, in Annex B hereto in the "*Exchange Offer Procedures*" section and the "*Purpose of the Exchange Offer*" section and in Annex C hereto in the "*Plan of Distribution*" section of the prospectus forming a part of the Exchange Offer Registration Statement, and include the information set forth in Annex D hereto in the Letter of Transmittal delivered pursuant to the Registered Exchange Offer; and (iii) if requested by any Initial Purchaser, include the information required by Items 507 or 508 of Regulation S-K, as applicable, in the prospectus forming a part of the Exchange Offer Registration Statement.

(b) The Issuer and the Guarantor shall advise each Initial Purchaser, each Exchanging Dealer and the Holders (if applicable) and, if requested by any such person, confirm such advice in writing (which advice pursuant to clauses (ii)-(v) hereof shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made):

(i) when any Registration Statement and any amendment thereto has been filed with the Commission and when such Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for amendments or supplements to any Registration Statement or the prospectus included therein or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of any Registration Statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Issuer of any notification with respect to the suspension of the qualification of the Securities or the Exchange Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(v) of the happening of any event that requires the making of any changes in any Registration Statement or the prospectus included therein in order that the statements therein are not misleading and do not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(c) The Issuer and the Guarantor will make every reasonable effort to obtain the withdrawal at the earliest possible time of any order suspending the effectiveness of any Registration Statement.

(d) The Issuer and the Guarantor will furnish to each Holder of Transfer Restricted Securities included within the coverage of any Shelf Registration Statement, without charge, at least one conformed copy of such Shelf Registration Statement and any post-effective amendment thereto, including financial statements and schedules and, if any such Holder so requests in writing, all exhibits thereto (including those, if any, incorporated by reference).

(e) The Issuer and the Guarantor will, during the Shelf Registration Period, promptly deliver to each Holder of Transfer Restricted Securities included within the coverage of any Shelf Registration Statement, without charge, as many copies of the prospectus (including each preliminary prospectus) included in such Shelf Registration Statement and any amendment or supplement thereto as such

Holder may reasonably request; and the Issuer and the Guarantor consent to the use of such prospectus or any amendment or supplement thereto by each of the selling Holders of Transfer Restricted Securities in connection with the offer and sale of the Transfer Restricted Securities covered by such prospectus or any amendment or supplement thereto.

(f) The Issuer and the Guarantor will furnish to each Initial Purchaser and each Exchanging Dealer, and to any other Holder who so requests, without charge, at least one conformed copy of the Exchange Offer Registration Statement and any post-effective amendment thereto, including financial statements and schedules and, if any Initial Purchaser or Exchanging Dealer or any such Holder so requests in writing, all exhibits thereto (including those, if any, incorporated by reference).

(g) The Issuer and the Guarantor will, during the Exchange Offer Registration Period or the Shelf Registration Period, as applicable, promptly deliver to each Initial Purchaser, each Exchanging Dealer and such other persons that are required to deliver a prospectus following the Registered Exchange Offer, without charge, as many copies of the final prospectus included in the Exchange Offer Registration Statement or the Shelf Registration Statement and any amendment or supplement thereto as such Initial Purchaser, Exchanging Dealer or other persons may reasonably request; and the Issuer and the Guarantor consent to the use of such prospectus or any amendment or supplement thereto by any Initial Purchaser, Exchanging Dealer or other persons, as applicable, as aforesaid.

(h) Prior to the effective date of any Registration Statement, the Issuer and the Guarantor will use their respective reasonable best efforts to register or qualify, or cooperate with the Holders of Securities or Exchange Securities included therein and their respective counsel in connection with the registration or qualification of, such Securities or Exchange Securities for offer and sale under the securities or blue sky laws of such jurisdictions as any such Holder reasonably requests in writing and do any and all other acts or things necessary or advisable to enable the offer and sale in such jurisdictions of the Securities or Exchange Securities covered by such Registration Statement; *provided* that the Issuer and the Guarantor will not be required to qualify generally to do business in any jurisdiction where they are not then so qualified or to take any action which would subject them to general service of process or to taxation in any such jurisdiction where they are not then so subject.

(i) The Issuer and the Guarantor will cooperate with the Holders of Securities or Exchange Securities to facilitate the timely preparation and delivery of certificates representing Securities or Exchange Securities to be sold pursuant to any Registration Statement free of any restrictive legends and in such denominations and registered in such names as the Holders thereof may request in writing prior to sales of Securities or Exchange Securities pursuant to such Registration Statement.

(j) If any event contemplated by Section 4(b)(ii) through (v) occurs during the period for which the Issuer and the Guarantor are required to maintain an effective Registration Statement, the Issuer and the Guarantor will promptly prepare and file with the Commission a post-effective amendment to the Registration Statement or a supplement to the related prospectus or file any other required document so that, as thereafter delivered to purchasers of the Securities or Exchange

Securities from a Holder, the prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) Not later than the effective date of the applicable Registration Statement, the Issuer and the Guarantor will provide a CUSIP number for the Securities and the Exchange Securities, as the case may be, and provide the applicable trustee with printed certificates for the Securities or the Exchange Securities, as the case may be, in a form eligible for deposit with The Depository Trust Company.

(l) The Issuer and the Guarantor will comply with all applicable rules and regulations of the Commission and will make generally available to its security holders as soon as practicable after the effective date of the applicable Registration Statement an earning statement satisfying the provisions of

Section 11(a) of the Securities Act; *provided* that in no event shall such earning statement be delivered later than 45 days after the end of a 12-month period (or 90 days, if such period is a fiscal year) beginning with the first month of the Issuer's or the Guarantor's first fiscal quarter commencing after the effective date of the applicable Registration Statement, which statement shall cover such 12-month period.

(m) The Issuer and the Guarantor will cause the Indenture or the Exchange Securities Indenture, as the case may be, to be qualified under the Trust Indenture Act as required by applicable law in a timely manner.

(n) The Issuer and the Guarantor may require each Holder of Transfer Restricted Securities to be registered pursuant to any Shelf Registration Statement to furnish to the Issuer and the Guarantor such information concerning the Holder and the distribution of such Transfer Restricted Securities as the Issuer and the Guarantor may from time to time reasonably require for inclusion in such Shelf Registration Statement, and the Issuer and the Guarantor may exclude from such registration the Transfer Restricted Securities of any Holder that fails to furnish such information within a reasonable time after receiving such request.

(o) In the case of a Shelf Registration Statement, each Holder of Transfer Restricted Securities to be registered pursuant thereto agrees by acquisition of such Transfer Restricted Securities that, upon receipt of any notice from the Issuer or the Guarantor pursuant to Section 4(b)(ii) through (v), such Holder will discontinue disposition of such Transfer Restricted Securities until such Holder's receipt of copies of the supplemental or amended prospectus contemplated by Section 4(j) or until advised in writing (the "*Advice*") by the Issuer that the use of the applicable prospectus may be resumed. If the Issuer or the Guarantor shall give any notice under Section 4(b)(ii) through (v) during the period that the Issuer and the Guarantor are required to maintain an effective Registration Statement (the "*Effectiveness Period*"), such Effectiveness Period shall be extended by the number of days during such period from and including the date of the giving of such notice to and including the date when each seller of Transfer Restricted Securities covered by such Registration Statement shall have received (x) the copies of the supplemental or amended prospectus contemplated by Section 4(j) (if an amended or supplemental prospectus is required) or (y) the Advice (if no amended or supplemental prospectus is required).

(p) In the case of a Shelf Registration Statement, the Issuer and the Guarantor shall enter into such customary agreements (including, if requested, an underwriting agreement in customary form) and take all such other action, if any, as Holders of a majority in aggregate principal amount of the Securities and Exchange Securities being sold or the managing underwriters (if any) shall reasonably request in order to facilitate any disposition of Securities or Exchange Securities pursuant to such Shelf Registration Statement.

(q) In the case of a Shelf Registration Statement, the Issuer and the Guarantor shall (subject to entering into customary confidentiality agreements) (i) make reasonably available for inspection by a representative of, and Special Counsel (as defined below) acting for, Holders of a majority in aggregate principal amount of the Securities and Exchange Securities being sold and any underwriter participating in any disposition of Securities or Exchange Securities pursuant to such Shelf Registration Statement, all relevant financial and other records, pertinent corporate documents and properties of the Issuer and the Guarantor and their respective subsidiaries and (ii) use their reasonable best efforts to have their respective officers, directors, employees, accountants and counsel supply all relevant information reasonably requested by such representative, Special Counsel (as defined below) or any such underwriter (an "*Inspector*") in connection with such Shelf Registration Statement.

(r) In the case of a Shelf Registration Statement, the Issuer and the Guarantor shall, if requested by Holders of a majority in aggregate principal amount of the Securities and Exchange Securities being sold, their Special Counsel (as defined below) or the managing underwriters (if any) in connection with

such Shelf Registration Statement, use their reasonable best efforts to cause (i) their counsel to deliver an opinion relating to the Shelf Registration Statement and the Securities or Exchange Securities, as applicable, in customary form, (ii) their officers to execute and deliver all customary documents and certificates requested by Holders of a majority in aggregate principal amount of the Securities and Exchange Securities being sold, their Special Counsel (as defined below) or the managing underwriters (if any) and (iii) their independent public accountants to provide a comfort letter in customary form, subject to receipt of appropriate documentation as contemplated, and only if permitted, by Statement of Auditing Standards No. 72.

5. *Registration Expenses.* The Issuer and the Guarantor will bear all expenses incurred in connection with the performance of their respective obligations under Sections 1, 2, 3 and 4 and the Issuer and the Guarantor will reimburse the Initial Purchasers and the Holders for the reasonable fees and disbursements of one firm of attorneys chosen by the Holders of a majority in aggregate principal amount of the Securities and the Exchange Securities to be sold pursuant to each Registration Statement (the "*Special Counsel*"), whose appointment and fees shall be approved by the Issuer (which approval shall not be unreasonably withheld or delayed), acting for the Initial Purchasers or Holders in connection therewith.

6. *Indemnification.* (a) In the event of a Shelf Registration Statement or in connection with any prospectus delivery pursuant to an Exchange Offer Registration Statement by an Initial Purchaser or Exchanging Dealer, as applicable, each of the Issuer and the Guarantor shall, jointly and severally, indemnify and hold harmless each Holder (including, without limitation, any such Initial Purchaser or Exchanging Dealer), its affiliates, its respective officers, directors, employees, representatives and agents, and each person, if any, who controls such Holder within the meaning of the Securities Act or the Exchange Act (collectively referred to for purposes of this Section 6(a), Section 7 and Section 11 as a Holder) from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof (including, without limitation, any loss, claim, damage, liability or action relating to purchases and sales of Securities or Exchange Securities), to which that Holder may become subject, whether commenced or threatened, under the Securities Act, the Exchange Act, any other federal

or state statutory law or regulation, at common law or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in any such Registration Statement or any prospectus forming part thereof or in any amendment or supplement thereto or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and shall reimburse each Holder promptly upon demand for any legal or other expenses reasonably incurred by that Holder in connection with investigating or defending or preparing to defend against or appearing as a third party witness in connection with any such loss, claim, damage, liability or action as such expenses are incurred; *provided*, *however,* that neither the Issuer nor the Guarantor shall be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with any Holders' Information; and *provided*, *further,* that with respect to any such untrue statement in or omission from any related preliminary prospectus, the indemnity agreement contained in this Section 6(a) shall not inure to the benefit of any Holder from whom the person asserting any such loss, claim, damage, liability or action received Securities or Exchange Securities to the extent that such loss, claim, damage, liability or action of or with respect to such Holder results from the fact that both (A) a copy of the final prospectus was not sent or given to such person at or prior to the written confirmation of the sale of such Securities or Exchange Securities to such person and (B) the untrue statement in or omission from the related preliminary prospectus was corrected in the final prospectus unless, in either case, such failure to deliver the final prospectus was a result of non-compliance by the Issuer or the Guarantor with Section 4(d), 4(e), 4(f) or 4(g).

(b) In the event of a Shelf Registration Statement, each Holder shall indemnify and hold harmless each of the Issuer and the Guarantor, their respective affiliates, their respective officers, directors, employees, representatives and agents, and each person, if any, who controls the Issuer or the Guarantor within the meaning of the Securities Act or the Exchange Act (collectively referred to for purposes of this Section 6(b) as the Issuer Indemnified Parties), from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof, to which the Issuer Indemnified Parties may become subject, whether commenced or threatened, under the Securities Act, the Exchange Act, any other federal or state statutory law or regulation, at common law or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in any such Registration Statement or any prospectus forming part thereof or in any amendment or supplement thereto or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with any Holders' Information furnished to the Issuer and the Guarantor by such Holder, and shall reimburse the Issuer Indemnified Parties for any legal or other expenses reasonably incurred by the Issuer Indemnified Parties in connection with investigating or defending or preparing to defend against or appearing as a third party witness in connection with any such loss, claim, damage, liability or action as such expenses are incurred; *provided*, *however,* that no such Holder shall be liable for any indemnity claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Securities or Exchange Securities pursuant to such Shelf Registration Statement.

(c) Promptly after receipt by an indemnified party under this Section 6 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party pursuant to Section 6(a) or 6(b), notify the indemnifying party in writing of the claim or the commencement of that action; *provided*, *however,* that the failure to notify the indemnifying party shall not relieve it from any liability which it may have under this Section 6 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and *provided*, *further,* that the failure to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under this Section 6. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 6 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than the reasonable costs of investigation; *provided*, *however,* that an indemnified party shall have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel for the indemnified party will be at the expense of such indemnified party unless (1) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (2) the indemnified party has reasonably concluded (based upon advice of counsel to the indemnified party) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (3) a conflict or potential conflict exists (based upon advice of counsel to the indemnified party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (4) the indemnifying party has not in fact employed counsel reasonably satisfactory to the indemnified party to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees, disbursements and other charges of counsel will be

at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate firm of attorneys (in addition to any local counsel) at any one time for all such indemnified party or parties. Each indemnified party, as a condition of the indemnity agreements contained in Sections 6(a) and 6(b), shall use all reasonable efforts to cooperate with the indemnifying party in the defense of any such action or claim. No indemnifying party shall be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with its written consent or if there be a final judgment for the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party (which consent shall not be unreasonably withheld), effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

7. *Contribution.* If the indemnification provided for in Section 6 is unavailable or insufficient to hold harmless an indemnified party under Section 6(a) or 6(b), then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Issuer and the Guarantor from the offering and sale of the Securities, on the one hand, and a Holder with respect to the sale by such Holder of Securities or Exchange Securities, on the other, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuer and the Guarantor on the one hand and such Holder on

the other with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Issuer and the Guarantor on the one hand and a Holder on the other with respect to such offering and such sale shall be deemed to be in the same proportion as the total net proceeds from the offering of the Securities (before deducting expenses) received by or on behalf of the Issuer and the Guarantor as set forth in the table on the cover of the Offering Memorandum, on the one hand, bear to the total proceeds received by such Holder with respect to its sale of Securities or Exchange Securities, on the other. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to the Issuer and the Guarantor or information supplied by the Issuer and the Guarantor on the one hand or to any Holders' Information supplied by such Holder on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 7 were to be determined by *pro rata* allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 7 shall be deemed to include, for purposes of this Section 7, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending or preparing to defend any such action or claim. Notwithstanding the provisions of this Section 7, an indemnifying party that is a Holder of Securities or Exchange Securities shall not be required to contribute any amount in excess of the amount by which the total price at which the Securities or Exchange Securities sold by such indemnifying party to any purchaser exceeds the amount of any damages which such indemnifying party has otherwise paid or become liable to pay by reason of any untrue or alleged untrue statement or omission or alleged omission. No person guilty

of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

8. *Rules 144 and 144A.* The Issuer and the Guarantor shall use their respective reasonable best efforts to file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time the Issuer and the Guarantor are not required to file such reports, they will, upon the written request of any Holder of Transfer Restricted Securities, make publicly available other information so long as necessary to permit sales of such Holder's securities pursuant to Rules 144 and 144A. The Issuer and the Guarantor covenant that they will take such further action as any Holder of Transfer Restricted Securities may reasonably request, all to the extent required from time to time to enable such Holder to sell Transfer Restricted Securities without registration under the Securities Act within the limitation of the exemptions provided by Rules 144 and 144A (including, without limitation, the requirements of Rule 144A(d)(4)). Upon the written request of any Holder of Transfer Restricted Securities, the Issuer and the Guarantor shall deliver to such Holder a written statement as to whether they have complied with such requirements. Notwithstanding the foregoing, nothing in this Section 8 shall be deemed to require the Issuer and the Guarantor to register any of their securities pursuant to the Exchange Act nor shall they be deemed to require the Guarantor to file reports with the Commission or make public any information that it would not be required by law to file or make available.

9. *Underwritten Registrations.* If any of the Transfer Restricted Securities covered by any Shelf Registration Statement are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will administer the offering will be selected by the Holders of a majority in aggregate principal amount of such Transfer Restricted Securities included in such offering, subject to the consent of the Issuer and the Guarantor (which shall not be unreasonably withheld or delayed), and such Holders shall be responsible for all underwriting commissions and discounts in connection therewith.

No person may participate in any underwritten registration hereunder unless such person (i) agrees to sell such person's Transfer Restricted Securities on the basis reasonably provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

10. *Miscellaneous.* (a) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Issuer and the Guarantor have obtained the written consent of Holders of a majority in aggregate principal amount of the Securities and the Exchange Securities, taken as a single class. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders whose Securities or Exchange Securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders may be given by Holders of a majority in aggregate principal amount of the Securities and the Exchange Securities being sold by such Holders pursuant to such Registration Statement.

(b) *Notices.* All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail, telecopier or air courier guaranteeing next-day delivery:

(i) if to a Holder, at the most current address given by such Holder to the Issuer in accordance with the provisions of this Section 10(b), which address initially is, with respect to each Holder, the address of such Holder maintained by the Registrar under the Indenture, with a copy in like manner to Lehman Brothers Inc. and J.P. Morgan Securities Inc. at their respective address set forth on Annex E hereto;

(ii) if to an Initial Purchaser, initially at its address set forth in the Purchase Agreement; and

(iii) if to the Issuer or the Guarantor, initially at the address of the Issuer and the Guarantor set forth in the Purchase Agreement.

All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; one business day after being delivered to a next-day air courier; five business days after being deposited in the mail; and when receipt is acknowledged by the recipient's telecopier machine, if sent by telecopier.

(c) *Successors And Assigns.* This Agreement shall be binding upon the Issuer, the Guarantor and their respective successors and assigns.

(d) *Counterparts.* This Agreement may be executed in any number of counterparts (which may be delivered in original form or by telecopier) and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(e) *Definition of Terms.* For purposes of this Agreement, (a) the term "*business day*" means any day on which the New York Stock Exchange, Inc. is open for trading, (b) the term "*subsidiary*" has the meaning set forth in Rule 405 under the Securities Act and (c) except where otherwise expressly provided, the term "*affiliate*" has the meaning set forth in Rule 405 under the Securities Act.

(f) *Headings.* The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(g) *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(h) *Remedies.* In the event of a breach by the Issuer and/or the Guarantor, on the one hand, or by any Holder, on the other hand, of any of their obligations under this Agreement, each Holder or the Issuer or the Guarantor, as the case may be, in addition to being entitled to exercise all rights granted by law, including recovery of damages (other than the recovery of damages for a breach by the Issuer and/or the Guarantor of their obligations under Sections 1 or 2 hereof for which liquidated damages have been paid pursuant to Section 3 hereof), will be entitled to specific performance of its rights under this Agreement. The Issuer, the Guarantor and each Holder agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agree that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(i) *No Inconsistent Agreements.* Each of the Issuer and the Guarantor, jointly and severally, represents, warrants and agrees that (i) it has not entered into, shall not, on or after the date of this Agreement, enter into any agreement that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof, (ii) it has not previously entered into any agreement which remains in effect granting any registration rights with respect to any of its debt securities to any person and (iii) without limiting the generality of the foregoing, without the written consent of the Holders of a majority in aggregate principal amount of the then outstanding Transfer Restricted Securities, it shall not grant to any person the right to request it to register any of its debt securities under the Securities Act unless the rights so granted are not in conflict or inconsistent with the provisions of this Agreement.

(j) *No Piggyback on Registrations.* Neither the Issuer, the Guarantor nor any of their security holders (other than the Holders of Transfer Restricted Securities in such capacity and only to the extent of any Transfer Restricted Securities so held by such Holders) shall have the right to include any debt securities of the Issuer and the Guarantor in any Shelf Registration or Registered Exchange Offer other than Transfer Restricted Securities and Additional Securities (as such term is defined in the

Indenture) issued under the Indenture; provided that this shall not prevent the Issuer from registering any other debt securities by a shelf registration statement or other registration statement.

(k) *Severability.* The remedies provided herein are cumulative and not exclusive of any remedies provided by law. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

11. *Guarantor's Obligations.* Each Holder hereby acknowledges and agrees that, upon termination of the Guarantee pursuant to Section 10.2 of the Indenture, any and all obligations of the Guarantor under this Exchange and Registration Rights Agreement (this "*Agreement*") will automatically terminate and all references to the Guarantor and the Guarantee shall be deemed deleted from this Agreement as of the date of this Agreement.

Please confirm that the foregoing correctly sets forth the agreement among the Issuer, the Guarantor and the Initial Purchasers.

Very truly yours,
USA INTERACTIVE

By: /s/ FRED RUBIN

Name: Fred Rubin
Title: *Vice President and Treasurer*

USANI LLC

By: /s/ FRED RUBIN

Name: Fred Rubin
Title: *Vice President and Treasurer*

Accepted:

LEHMAN BROTHERS INC.
J.P. MORGAN SECURITIES INC.

By LEHMAN BROTHERS INC.

By /s/ MARTIN GOLDBERG

Authorized Signatory

ANNEX A

Each broker-dealer that receives Exchange Securities for its own account pursuant to the Registered Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Securities received in exchange for Securities where such Securities were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Issuer and the Guarantor have agreed that, for a period of 90 days after the consummation of the Registered Exchange Offer, it will make this Prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

ANNEX B

Each broker-dealer that receives Exchange Securities for its own account in exchange for Securities, where such Securities were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. See "Plan of Distribution."

ANNEX C

PLAN OF DISTRIBUTION

Each broker-dealer that receives Exchange Securities for its own account pursuant to the Registered Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Securities received in exchange for Securities where such Securities were acquired as a result of market-making activities or other trading activities. The Issuer and the Guarantor have agreed that, for a period of 90 days after the consummation of the Registered Exchange Offer, they will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until _____, 20__, all dealers effecting transactions in the Exchange Securities may be required to deliver a prospectus.[1]

Neither the Issuer nor the Guarantor will receive any proceeds from any sale of Exchange Securities by broker-dealers. Exchange Securities received by broker-dealers for their own account pursuant to the Registered Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Securities or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such Exchange Securities. Any broker-dealer that resells Exchange Securities that were received by it for its own account pursuant to the Registered Exchange Offer and any broker or dealer that participates in a distribution of such Exchange Securities may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of Exchange Securities and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 90 days after the Expiration Date the Issuer and the Guarantor will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Issuer and the Guarantor have agreed to pay all expenses incident to the Registered Exchange Offer (including the expenses of one counsel for the Holders of the Securities) other than commissions or concessions of any broker-dealers and will indemnify the Holders of the Securities (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

1 In addition, the legend required by Item 502(b) of Regulation S-K will appear on the back cover page of the Registered Exchange Offer prospectus.

ANNEX D

CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name: _____

Address: _____

_____

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Securities. If the undersigned is a broker-dealer that will receive Exchange Securities for its own account in exchange for Securities that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Exchange Securities; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Lehman Brothers Inc.
745 7th Avenue
New York, New York 10019
Attention: Legal Department

J.P. Morgan Securities Inc.
Transaction Execution Group
270 Park Avenue, 7th Floor
New York, New York 10017

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 5.1

[Form of Opinion of Covington & Burling]

[•], 2003

USA Interactive
152 West 57th Street
New York, NY 10019

Ladies and Gentlemen:

In connection with the registration under the Securities Act of 1933, as amended (the "Act"), pursuant to the Registration Statement on Form S-4 (the "Registration Statement") filed with the Securities and Exchange Commission, of the offer and sale of (a) $750,000,000 aggregate principal amount of 7% Senior Notes due 2013 (the "Exchange Notes") of USA Interactive, a Delaware corporation (the "Company"), and (b) a guarantee of the Exchange Notes (together with the Exchange Notes, the "Securities") by USANi LLC, a Delaware limited liability company ("USANi"), in each case to be issued pursuant to the Indenture, dated as of December 16, 2002 (the "Indenture"), among the Company, USANi and JPMorgan Chase Bank, as trustee (the "Trustee"), we have reviewed such corporate records, certificates and other documents, and such questions of law, as we have deemed necessary or appropriate for the purposes of this opinion.

We have assumed that each of the Company, USANi and the Trustee is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and that it has or had all requisite power and authority to execute, deliver and perform the Indenture and, as applicable, to issue and authenticate the Securities, and that the Trustee has duly authorized, executed and delivered the Indenture and has duly authorized the transactions contemplated thereby.

Upon the basis of such review and subject to the foregoing assumptions, we advise you that, in our opinion, when the Registration Statement becomes effective under the Act, and the Securities have been duly executed and authenticated in accordance with the Indenture and issued in exchange for a like aggregate principal amount of the Company's outstanding 7% Senior Notes due 2013 and the guarantee thereof by USANi in accordance with the exchange offer contemplated by the Registration Statement, and assuming compliance with the Act, the Securities will constitute the valid and binding obligations of the Company and USANi, as the case may be, enforceable against such parties in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights, to general equity principles, and to the qualification that we express no opinion with respect to waivers contained in Section 6.12 of the Indenture.

We are members of the bar of the State of New York. We do not purport to be experts in, and we do not express any opinion on, any laws other than the law of the State of New York, the General Corporation Law and the Limited Liability Company Act of the State of Delaware and the Federal law of the United States of America.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement and to the reference to our firm under the heading "Legal Matters" in the Prospectus contained in the Registration Statement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

QuickLinks

Exhibit 5.1

[Form of Opinion of Covington & Burling]

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 12.1

USA INTERACTIVE
RATIO OF EARNINGS TO FIXED CHARGES
1997-2002 ($000s)

	Years Ended December 31,					Nine months ended September 30,	
	1997	1998	1999	2000	2001	2001	2002
Earnings as defined:							
Profit before tax as reported	$ 69,538	$ 68,801	$ (82,806)	$ (308,095)	$ (287,457)	$ (219,560)	$ (64,368)
Add: Dividends from affiliates	12,007	7,880	(1,806)	58,333	48,977	22,021	132,807
Interest expense	23,920	93,648	56,592	46,119	46,179	34,486	33,755
Interest factor (re: rentals) (A)	5,313	7,480	8,896	14,441	18,262	14,007	15,924
Total earnings	$ 110,778	$ 177,809	$ (19,124)	$ (189,202)	$ (174,039)	$ (149,046)	$ 118,118
Fixed charges as defined:							
Interest expense	23,920	93,648	56,592	46,119	46,179	34,486	33,755
Interest factor (re: rentals) (A)	5,313	7,480	8,896	14,441	18,262	14,007	15,924
Total fixed charges	$ 29,233	$ 101,128	$ 65,488	$ 60,560	$ 64,441	$ 48,493	$ 49,679
Ratio of earnings to fixed charges	3.79x	1.76x	(84,612)	(249,762)	(238,480)	(197,539)	2.38x

(A) The interest factor related to rentals reflects the appropriate portion of rental expense representative of an interest factor.

QuickLinks

Exhibit 12.1

USA INTERACTIVE RATIO OF EARNINGS TO FIXED CHARGES 1997-2002 ($000s)

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-4) and related prospectus for a registration of $750,000,000 7% Senior Notes due 2013 and the inclusion of our report dated January 29, 2002, except for Notes 21 and 23 as to which the dates are July 23, 2002 and December 2, 2002, respectively, with respect to the consolidated financial statements of USA Interactive and the incorporation by reference of our report dated January 29, 2002, except for Note 21 as to which the date is July 23, 2002, with respect to the consolidated financial statements and financial statement schedule included in its Annual Report (Form 10-K) for the year ended December 31, 2001, as amended by Amendments No. 1 and 2, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

New York, New York
January 24, 2003

QuickLinks

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

QuickLinks -- Click here to rapidly navigate through this document

EXHIBIT 23.2

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of USA Interactive on Form S-4 of our report dated February 4, 2002 (March 9, 2002 as to Note 15 of the financial statements), appearing in the Transition Report on Form 10-K of Expedia, Inc. and subsidiaries for the six-month period ended December 31, 2001, and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Seattle, Washington
January 20, 2003

QuickLinks

EXHIBIT 23.2--Consent of Deloitte &&; Touche LLP
INDEPENDENT AUDITORS' CONSENT

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Exhibit 24.1

POWER OF ATTORNEY
For Registration Statement of
USA Interactive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USA INTERACTIVE, a Delaware corporation (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's issuance of $750 million of 7% Senior Notes due 2013 pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen, and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ Barry Diller

Name: Barry Diller
Title: Chairman of the Board, Chief Executive Officer and Director

---

POWER OF ATTORNEY
For Registration Statement of
USA Interactive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USA INTERACTIVE, a Delaware corporation (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's issuance of $750 million of 7% Senior Notes due 2013 pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen, and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ Victor A. Kaufman

Name: Victor A. Kaufman
Title: Vice Chairman and Director

POWER OF ATTORNEY
For Registration Statement of
USA Interactive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USA INTERACTIVE, a Delaware corporation (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's issuance of $750 million of 7% Senior Notes due 2013 pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen, and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ Dara Khosrowshahi

Name: Dara Khosrowshahi
Title: Executive Vice President and Chief Financial Officer

POWER OF ATTORNEY
For Registration Statement of
USA Interactive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USA INTERACTIVE, a Delaware corporation (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's issuance of $750 million of 7% Senior Notes due 2013 pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen, and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ William J. Severance

Name: William J. Severance
Title: Vice President and Controller

POWER OF ATTORNEY
For Registration Statement of
USA Interactive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USA INTERACTIVE, a Delaware corporation (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's issuance of $750 million of 7% Senior Notes due 2013 pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen, and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ Robert R. Bennett

Name: Robert R. Bennett
Title: Director

POWER OF ATTORNEY
For Registration Statement of
USA Interactive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USA INTERACTIVE, a Delaware corporation (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's issuance of $750 million of 7% Senior Notes due 2013 pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen, and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ Edgar Bronfman, Jr.

Name: Edgar Bronfman, Jr.
Title: Director

POWER OF ATTORNEY
For Registration Statement of
USA Interactive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USA INTERACTIVE, a Delaware corporation (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's issuance of $750 million of 7% Senior Notes due 2013 pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen, and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ Anne M. Busquet

Name: Anne M. Busquet
Title: Director

POWER OF ATTORNEY
For Registration Statement of
USA Interactive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USA INTERACTIVE, a Delaware corporation (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's issuance of $750 million of 7% Senior Notes due 2013 pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen, and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ Jean-René Fourtou

Name: Jean-René Fourtou
Title: Director

POWER OF ATTORNEY
For Registration Statement of
USA Interactive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USA INTERACTIVE, a Delaware corporation (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's issuance of $750 million of 7% Senior Notes due 2013 pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen, and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ Donald R. Keough

Name: Donald R. Keough
Title: Director

POWER OF ATTORNEY
For Registration Statement of
USA Interactive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USA INTERACTIVE, a Delaware corporation (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's issuance of $750 million of 7% Senior Notes due 2013 pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen, and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ Marie-Josée Kravis

Name: Marie-Josée Kravis
Title: Director

POWER OF ATTORNEY
For Registration Statement of
USA Interactive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USA INTERACTIVE, a Delaware corporation (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's issuance of $750 million of 7% Senior Notes due 2013 pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen, and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ John C. Malone

Name: John C. Malone
Title: Director

POWER OF ATTORNEY
For Registration Statement of
USA Interactive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USA INTERACTIVE, a Delaware corporation (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's issuance of $750 million of 7% Senior Notes due 2013 pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen, and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ Gen. H. Norman Schwarzkopf

Name: Gen. H. Norman Schwarzkopf
Title: Director

POWER OF ATTORNEY

For Registration Statement of
USA Interactive

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USA INTERACTIVE, a Delaware corporation (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's issuance of $750 million of 7% Senior Notes due 2013 pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen, and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ Diane Von Furstenberg

Name: Diane Von Furstenberg
Title: Director

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Exhibit 24.2

POWER OF ATTORNEY
For Registration Statement of
USANi LLC

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USANi LLC, a Delaware limited liability company (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's guarantee of $750 million of 7% Senior Notes due 2013 to be issued by USA Interactive pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ DARA KHOSROWSHAHI

Name: Dara Khosrowshahi
Title: President and Director

POWER OF ATTORNEY
For Registration Statement of
USANi LLC

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USANi LLC, a Delaware limited liability company (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's guarantee of $750 million of 7% Senior Notes due 2013 to be issued by USA Interactive pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 23rd day of January, 2003.

/s/ WILLIAM J. SEVERANCE

Name: William J. Severance
Title: Vice President and Controller

POWER OF ATTORNEY
For Registration Statement of
USANi LLC

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of USANi LLC, a Delaware limited liability company (the "Company"), which proposes to file with the Securities and Exchange Commission, Washington, DC ("SEC") under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more registration statements on Form S-4 ("Registration Statement") in connection with the Company's guarantee of $750 million of 7% Senior Notes due 2013 to be issued by USA Interactive pursuant to an exchange offer, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the other, his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, individually and in any and all capacities stated below to sign the Registration Statement and any and all amendments (including post-effective amendments) thereto and all instruments necessary or advisable in connection therewith, and to file the same with all exhibits thereto and any and all other documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requested and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this 24th day of January, 2003.

/s/ DAVID ELLEN

Name: David Ellen
Title: Director

QuickLinks

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF
A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF
A TRUSTEE PURSUANT TO SECTION 305(b)(2)

JPMORGAN CHASE BANK

(Exact name of trustee as specified in its charter)

New York (State of incorporation if not a national bank)	**13-4994650** (I.R.S. employer identification No.)
270 Park Avenue **New York, New York** (Address of principal executive offices)	**10017** (Zip Code)

William H. McDavid
General Counsel
270 Park Avenue
New York, New York 10017
Tel: (212) 270-2611
(Name, address and telephone number of agent for service)

USA Interactive

(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**59-2712887** (I.R.S. employer identification No.)
152 West 57th Street **New York, NY** (Address of principal executive offices)	**10019** (Zip Code)

USANi LLC

(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**59-3490970** (I.R.S. employer identification No.)
152 West 57th Street **New York, NY** (Address of principal executive offices)	**10019** (Zip Code)

7.00% Senior Notes due 2013
(Title of the indenture securities)

GENERAL

Item 1. General Information.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

New York State Banking Department, State House, Albany, New York 12110.

Board of Governors of the Federal Reserve System, Washington, D.C., 20551

Federal Reserve Bank of New York, District No. 2, 33 Liberty Street, New York, N.Y.

Federal Deposit Insurance Corporation, Washington, D.C., 20429.

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with the Obligor and Guarantors.

If the obligor or any Guarantor is an affiliate of the trustee, describe each such affiliation.

None.

Item 16. List of Exhibits

List below all exhibits filed as a part of this Statement of Eligibility.

1. A copy of the Restated Organization Certificate of the Trustee dated March 25, 1997 and the Certificate of Amendment dated October 22, 2001 (see Exhibit 1 to Form T-1 filed in connections with Registration Statement No. 333-76894, which is incorporated by reference.)

2. A copy of the Certificate of Authority of the Trustee to Commence Business (see Exhibit 2 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference). On November 11, 2001, in connection with the merger of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York, the surviving corporation was renamed JPMorgan Chase Bank.

3. None, authorization to exercise corporate trust powers being contained in the documents identified above as Exhibits 1 and 2.

4. A copy of the existing By-Laws of the Trustee (see Exhibit 4 to Form T-1 filed in connection with Registration Statement 333-76894, which is incorporated by reference.)

5. Not applicable.

6. The consent of the Trustee required by Section 321(b) of the Act (see Exhibit 6 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference). On November 11, 2001, in connection with the merger of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York, the surviving corporation was renamed JPMorgan Chase Bank.

7. A copy of the latest report of condition of the Trustee, published pursuant to law or the requirements of its supervising or examining authority.

8. Not applicable.

9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, JPMorgan Chase Bank, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of New York and State of New York, on the 16th day of January, 2003.

JPMORGAN CHASE BANK

By: /s/ WILLIAM G. KEENAN

William G. Keenan
Assistant Vice President

Exhibit 7 to Form T-1

Bank Call Notice

RESERVE DISTRICT NO. 2
CONSOLIDATED REPORT OF CONDITION OF

JPMorgan Chase Bank
of 270 Park Avenue, New York, New York 10017
and Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System,

at the close of business September 30, 2002, in
accordance with a call made by the Federal Reserve Bank of this
District pursuant to the provisions of the Federal Reserve Act.

ASSETS	Dollar Amounts in Millions
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	$ 17,141
Interest-bearing balances	13,564
Securities:	
Held to maturity securities	408
Available for sale securities	74,344
Federal funds sold and securities purchased under agreements to resell	
Federal funds sold in domestic offices	7,094
Securities purchased under agreements to resell	72,512
Loans and lease financing receivables:	
Loans and leases held for sale	17,153
Loans and leases, net of unearned income	$ 161,915
Less: Allowance for loan and lease losses	3,458
Loans and leases, net of unearned income and allowance	158,457
Trading Assets	186,290
Premises and fixed assets (including capitalized leases)	6,177
Other real estate owned	57
Investments in unconsolidated subsidiaries and associated companies	326
Customers' liability to this bank on acceptances outstanding	281
Intangible assets	
Goodwill	2,168
Other Intangible assets	3,696
Other assets	45,403
TOTAL ASSETS	$ 605,071
LIABILITIES	
Deposits	
In domestic offices	$ 167,400
Noninterest-bearing	$ 66,691
Interest-bearing	100,709
In foreign offices, Edge and Agreement subsidiaries and IBF's	118,273
Noninterest-bearing	$ 8,445
Interest-bearing	109,828
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	6,317
Securities sold under agreements to repurchase	105,558
Trading liabilities	126,199
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	11,025
Bank's liability on acceptances executed and outstanding	304
Subordinated notes and debentures	7,895
Other liabilities	25,977
TOTAL LIABILITIES	568,948
Minority Interest in consolidated subsidiaries	91
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,785
Surplus (exclude all surplus related to preferred stock)	16,304
Retained earnings	16,560
Accumulated other comprehensive income	1,383
Other equity capital components	0
TOTAL EQUITY CAPITAL	36,032
TOTAL LIABILITIES, MINORITY INTEREST, AND EQUITY CAPITAL	$ 605,071

I, Joseph L. Sclafani, E.V.P. & Controller of the above-named bank, do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

JOSEPH L. SCLAFANI

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

WILLIAM B. HARRISON, JR.)
HANS W. BECHERER) DIRECTORS
LAWRENCE A. BOSSIDY)

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 99.1

LETTER OF TRANSMITTAL

USA INTERACTIVE

OFFER TO EXCHANGE ALL OF ITS OUTSTANDING 7% SENIOR NOTES DUE 2013 FOR UP TO $750,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS 7% SENIOR NOTES DUE 2013 PURSUANT TO THE PROSPECTUS DATED [•], 2003

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON [•], 2003, UNLESS EXTENDED (THE "EXPIRATION DATE").

The Exchange Agent for the Exchange Offer is:
JPMORGAN CHASE BANK

By Registered or Certified Mail, or Overnight Delivery After 4:30 p.m. on the Expiration Date:
JPMorgan Chase Bank
ITS Bond Events
2001 Bryan Street,
9th Floor
Dallas, TX 75021
Attention: Frank Ivins

For Information Call:
(212) 623-6794

By Regular Mail (REGISTERED OR CERTIFIED MAIL RECOMMENDED)
JPMorgan Chase Bank
ITS Bond Events
P.O. Box 2320
Dallas, TX 75221

By Facsimile Transmission Number (for Eligible Institutions only):
(214) 468-6494
Attention: Frank Ivins

To Confirm Facsimile
(214) 468-6464

DELIVERY OF THIS LETTER OF TRANSMITTAL (THE "LETTER OF TRANSMITTAL") TO AN ADDRESS, OR TRANSMISSION VIA FACSIMILE TO A NUMBER, OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID TENDER OF USA INTERACTIVE'S 7% SENIOR NOTES DUE 2013 (THE "OLD 7% NOTES").

THE INSTRUCTIONS CONTAINED HEREIN SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED AND SIGNED.

All capitalized terms used herein and not defined herein shall have the meaning ascribed to them in the Prospectus (as defined below).

This Letter of Transmittal is to be used by registered holders of Old 7% Notes ("Holders") if: (i) certificates representing Old 7% Notes are to be physically delivered to the Exchange Agent by such Holders; (ii) tender of Old 7% Notes is to be made by book-entry transfer to the Exchange Agent's account at The Depository Trust Company ("DTC" or the "Book-Entry Transfer Facility") pursuant to the procedures set forth in the Prospectus, dated [•], 2003 (as the same may be amended from time to time, the "Prospectus"), under "*The Exchange Offer—Book-Entry Transfer*" by any financial institution that is a participant in DTC and whose name appears on a security position listing as the owner of Old 7% Notes or (iii) delivery of Old 7% Notes is to be made according to the guaranteed delivery procedures set forth in the Prospectus under "*The Exchange Offer—Guaranteed Delivery Procedures*," and, in each case, instructions are NOT being transmitted through DTC.

DELIVERY OF DOCUMENTS TO THE BOOK-ENTRY TRANSFER FACILITY IN ACCORDANCE WITH SUCH BOOK-ENTRY TRANSFER FACILITY'S PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

NOTE: SIGNATURES MUST BE PROVIDED BELOW

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

By execution hereof, the undersigned hereby acknowledges receipt of the Prospectus, dated [•], 2003 (as the same may be amended from time to time, the "Prospectus"), of USA Interactive, a Delaware corporation (the "Issuer"), and this Letter of Transmittal and the instructions hereto, which together constitute the Issuer's offer to exchange (the "Exchange Offer") $1,000 principal amount of its 7% Senior Notes due 2013 (the "Exchange Notes"), and the guarantee thereof by USANi LLC, a Delaware limited liability company ("USANi"), upon the terms and subject to the conditions set forth in the Exchange Offer, for each $1,000 principal amount of the Issuer's outstanding 7% Senior Notes due 2013 (the "Old 7% Notes").

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Issuer the principal amount of Old 7% Notes indicated below. Subject to, and effective upon, the acceptance for exchange of the Old 7% Notes tendered herewith, the undersigned hereby exchanges, assigns and transfers to, or upon the order of, the Issuer all right, title and interest in and to such Old 7% Notes. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that the Exchange Agent also acts as the agent of the Issuer) with respect to such Old 7% Notes with full power of substitution (such power-of-attorney being deemed to be an irrevocable power coupled with an interest) to (i) present such Old 7% Notes and all evidences of transfer and authenticity to, or transfer ownership of, such Old 7% Notes on the account books maintained by the Book-Entry Transfer Facility to, or upon the order of, the Issuer, (ii) present such Old 7% Notes for transfer of ownership on the books of the Issuer or the trustee under the Indenture (the "Trustee") and (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Old 7% Notes, all in accordance with the terms and conditions of the Exchange Offer as described in the Prospectus.

The undersigned represents and warrants that it has full power and authority to tender, exchange, assign and transfer the Old 7% Notes tendered hereby and to acquire Exchange Notes issuable upon the exchange of such tendered Old 7% Notes, and that, when the same are accepted for exchange, the Issuer will acquire good and unencumbered title to the tendered Old 7% Notes, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim or right. The undersigned also warrants that it will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or the Issuer to be necessary or desirable to complete the exchange, assignment and transfer of the Old 7% Notes tendered hereby or transfer ownership of such Old 7% Notes on the account books maintained by the book-entry transfer facility.

The Exchange Offer is subject to certain conditions as set forth in the Prospectus under "*The Exchange Offer—Conditions*." The undersigned recognizes that as a result of these conditions (which may be waived by the Issuer, in whole or in part, in the reasonable discretion of the Issuer), as more particularly set forth in the Prospectus, the Issuer may not be required to exchange any of the Old 7% Notes tendered hereby and, in such event, the Old 7% Notes not exchanged will be returned to the undersigned at the address shown above.

THE EXCHANGE OFFER IS NOT BEING MADE TO ANY BROKER-DEALER WHO PURCHASED OLD 7% NOTES DIRECTLY FROM THE ISSUER FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT OR ANY PERSON THAT IS AN "AFFILIATE" OF THE ISSUER WITHIN THE MEANING OF RULE 405 UNDER THE SECURITIES ACT. THE UNDERSIGNED UNDERSTANDS AND AGREES THAT THE ISSUER RESERVES THE RIGHT NOT TO ACCEPT TENDERED OLD 7% NOTES FROM ANY TENDERING HOLDER IF THE ISSUER DETERMINES, IN ITS REASONABLE DISCRETION, THAT SUCH ACCEPTANCE COULD RESULT IN A VIOLATION OF APPLICABLE SECURITIES LAWS.

The undersigned, if the undersigned is a beneficial owner, represents (or, if the undersigned is a broker, dealer, commercial bank, trust company or other nominee, represents that it has received representations from each beneficial owner of the Old 7% Notes tendered hereby stating) that, (i) the Exchange Notes to be received by it in connection with the Exchange Offer are being acquired in the ordinary course of its business, (ii) it is not engaged in, does not intend to engage in, and does not have any arrangement or understanding with any person to participate in, a distribution of the Exchange Notes, (iii) if it is participating in the Exchange Offer for the purpose of distributing the Exchange Notes it cannot rely on the interpretations of the staff of the Securities and Exchange Commission discussed in the Prospectus under "*The Exchange Offer—Purpose and Effect of the Exchange Offer*" and may only sell the Exchange Notes acquired by it pursuant to a registration statement containing the selling security holder information required by Item 507 of Regulation S-K under the Securities Act and (iv) it is not an "affiliate," as defined under Rule 405 of the Securities Act, of the Issuer nor is it a broker-dealer who purchased Old 7% Notes directly from the Issuer for resale pursuant to Rule 144A under the Securities Act. If it is a broker-dealer that acquired the Old 7% Notes being tendered by it in the Exchange Offer as a result of market-making activities or other trading activities, it further represents that it will deliver a prospectus in connection with any resale of Exchange Notes acquired in the Exchange Offer (but by so acknowledging and by delivering a prospectus, it will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act).

Each broker-dealer making the representations contained in the above paragraph (a "Participating Broker-Dealer"), by tendering Old 7% Notes and executing this Letter of Transmittal, agrees that, upon receipt of notice from the Issuer of the occurrence of any event or the discovery of any fact which makes any statement contained or incorporated by reference in the Prospectus untrue in any material respect or which causes the Prospectus to omit to state a material fact necessary in order to make the statements contained or incorporated by reference therein, in light of the circumstances under which they were made, not misleading or of the occurrence of certain other events specified in the Exchange and Registration Rights Agreement, such Participating Broker-Dealer will suspend the sale of Exchange Notes pursuant to the Prospectus until the Issuer has amended or supplemented the Prospectus to correct such misstatement or omission and has furnished copies of the amended or supplemented Prospectus to the Participating Broker-Dealer or the Issuer has given notice that the sale of the Exchange Notes may be resumed, as the case may be. Each Participating Broker-Dealer should check the box herein under the caption "For Participating Broker-Dealers Only" in order to receive additional copies of the Prospectus, and any amendments and supplements thereto, for use in connection with resales of the Exchange Notes, as well as any notices from the Issuer to suspend and resume use of the Prospectus. By tendering its Old 7% Notes and executing this Letter of Transmittal, each Participating Broker-Dealer agrees to use its reasonable best efforts to notify the Issuer or the Exchange Agent when it has sold all of its Exchange Notes. If no Participating Broker-Dealers check such box, or if all Participating Broker-Dealers who have checked such box subsequently notify the Issuer or the Exchange Agent that all their Exchange Notes have been sold, the Issuer will not be required to maintain the effectiveness of the Exchange Offer Registration Statement or to update the Prospectus and will not provide any Holders with any notices to suspend or resume use of the Prospectus.

The undersigned understands that tenders of the Old 7% Notes pursuant to any one of the procedures described under "*The Exchange Offer—Procedures for Tendering*" in the Prospectus and in the instructions hereto will constitute a binding agreement between the undersigned and the Issuer in accordance with the terms and subject to the conditions of the Exchange Offer. All authority herein conferred or agreed to be conferred by this Letter of Transmittal and every obligation of the undersigned hereunder shall be binding upon the heirs, legal representatives, successors and assigns, executors, administrators and trustees in bankruptcy of the undersigned and shall survive the death or incapacity of the undersigned. Tendered Old 7% Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date in accordance with the terms of the Exchange Offer. See "*The Exchange Offer—Withdrawal of Tenders*" in the Prospectus.

The undersigned understands that by tendering Old 7% Notes pursuant to one of the procedures described under "*The Exchange Offer—Procedures for Tendering*" in the Prospectus and the instructions hereto, the tendering Holder will be deemed to have waived the right to receive any payment in respect of interest on the Old 7% Notes accrued up to the date of issuance of the Exchange Notes.

The undersigned also understands and acknowledges that the Issuer reserves the right in its sole discretion to (a) purchase or make offers for any Old 7% Notes that remain outstanding subsequent to the Expiration Date, (b) as set forth under "*The Exchange Offer—Conditions*" of the Prospectus, terminate the

Exchange Offer and (c) to the extent permitted by applicable law, purchase Old 7% Notes in the open market, in privately negotiated transactions, through subsequent exchange offers or otherwise. The terms of any such purchases or offers could differ from the terms of the Exchange Offer.

The undersigned understands that the delivery and surrender of the Old 7% Notes is not effective, and the risk of loss of the Old 7% Notes does not pass to the Exchange Agent, until receipt by the Exchange Agent of this Letter of Transmittal, or a manually signed facsimile hereof, properly completed and duly executed, with any required signature guarantees, together with all accompanying evidences of authority and any other required documents in form satisfactory to the Issuer. All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered Old 7% Notes and all other documents will be determined by the Issuer, in its sole discretion, which determination shall be final and binding.

Unless otherwise indicated herein in the box entitled "*Special Issuance Instructions*," the undersigned hereby requests that any Old 7% Notes representing principal amounts not tendered or not accepted for exchange be issued in the name(s) of the undersigned and that Exchange Notes be issued in the name(s) of the undersigned (or, in the case of Old 7% Notes delivered by book-entry transfer, by credit to the account at the Book-Entry Transfer Facility). Similarly, unless otherwise indicated herein in the box entitled "Special Delivery Instructions," the undersigned hereby requests that any Old 7% Notes representing principal amounts not tendered or not accepted for exchange and any Exchange Notes be delivered to the undersigned at the address(es) shown above. The undersigned recognizes that the Issuer has no obligation pursuant to the "Special Issuance Instructions" box or "Special Delivery Instructions" box to transfer any Old 7% Notes from the name of the registered Holder(s) thereof if the Issuer does not accept for exchange any of the principal amount of such Old 7% Notes so tendered.

In order to properly complete this Letter of Transmittal, a Holder must (i) complete the box entitled "Description of Old 7% Notes," (ii) complete the box entitled "Method of Delivery" by checking one of the three boxes therein and supplying the appropriate information, (iii) if such Holder is a Participating Broker-Dealer and wishes to receive additional copies of the Prospectus for delivery in connection with resales of Exchange Notes, complete the box entitled "For Participating Broker-Dealers Only," (iv) sign this Letter of Transmittal by completing the box entitled "Please Sign Here," (v) if appropriate, check and complete the boxes relating to the "Special Issuance Instructions" and "Special Delivery Instructions" and (vi) complete the Substitute Form W-9. Each Holder should carefully read the detailed Instructions below prior to the completing this Letter of Transmittal. See "*The Exchange Offer—Procedures for Tendering*" in the Prospectus.

Holders of Old 7% Notes that are tendering by book-entry transfer to the Exchange Agent's account at DTC can execute the tender through DTC's Automated Tender Program ("ATOP"), for which the transaction will be eligible. DTC participants that are accepting the Exchange Offer should transmit their acceptance to DTC, which will edit and verify the acceptance and execute a book-entry delivery to the Exchange Agent's account at DTC. DTC will then send an Agent's Message to the Exchange Agent for its acceptance. Delivery of the Agent's Message by DTC will satisfy the terms of the Exchange Offer as to execution and delivery of a Letter of Transmittal by the participant identified in the Agent's Message. DTC participants may also accept the Exchange Offer by submitting a Notice of Guaranteed Delivery through ATOP.

If Holders desire to tender Old 7% Notes pursuant to the Exchange Offer and (i) certificates representing such Old 7% Notes are not lost but are not immediately available, (ii) time will not permit this Letter of Transmittal, certificates representing such Holder's Old 7% Notes and all other required documents to reach the Exchange Agent prior to the Expiration Date or (iii) the procedures for book-entry transfer cannot be completed prior to the Expiration Date, such Holders may effect a tender of such Old 7% Notes in accordance with the guaranteed delivery procedures set forth in the Prospectus under "*The Exchange Offer —Guaranteed Delivery Procedures*." See Instruction 2 below.

A Holder having Old 7% Notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if they desire to accept the Exchange Offer with respect to the Old 7% Notes so registered.

THE EXCHANGE OFFER IS NOT BEING MADE TO (NOR WILL TENDERS OF OLD 7% NOTES BE ACCEPTED FROM OR ON BEHALF OF) HOLDERS IN ANY JURISDICTION IN WHICH THE MAKING OR ACCEPTANCE OF THE EXCHANGE OFFER WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION.

Your bank or broker can assist you in completing this form. The instructions included with this Letter of Transmittal must be followed. Questions and requests for assistance or for additional copies of the Prospectus, this Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Exchange Agent, whose address and telephone number appear on the front cover of this Letter of Transmittal. See Instruction 11 below.

List below the Old 7% Notes to which this Letter of Transmittal relates. If the space provided below is inadequate, list the certificate numbers and principal amounts on a separately signed schedule and affix the schedule to this Letter of Transmittal:

Name(s) and Address(es) of Registered Holder(s) (Please fill-in, if blank)	Certificate Number(s)	Aggregate Principal Amount	Aggregate Principal Amount Tendered

DESCRIPTION OF OLD 7% NOTES

TOTAL

METHOD OF DELIVERY

o CHECK HERE IF CERTIFICATES FOR TENDERED OLD 7% NOTES ARE BEING DELIVERED HEREWITH.

o CHECK HERE IF TENDERED OLD 7% NOTES ARE BEING DELIVERED BY BOOK-ENTRY

Name of Tendering Institution: _____

Account Number: _____ Transaction Code Number: _____

o **CHECK HERE IF TENDERED OLD 7% NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY DELIVERED TO THE EXCHANGE AGENT PURSUANT TO INSTRUCTION 2 BELOW AND COMPLETE THE FOLLOWING:**

Name of Registered Holder(s): _____

Window Ticket No. (if any): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Eligible Institution that Guaranteed Delivery: _____

If Delivery by Book-Entry Transfer (yes or no): _____

Account Number: _____ Transaction Code Number: _____

FOR PARTICIPATING BROKER-DEALERS ONLY

o **CHECK HERE AND PROVIDE THE INFORMATION REQUESTED BELOW IF YOU ARE A PARTICIPATING BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO, AS WELL AS ANY NOTICES FROM THE ISSUER TO SUSPEND AND RESUME USE OF THE PROSPECTUS. IF THE UNDERSIGNED IS A BROKER-DEALER THAT WILL RECEIVE EXCHANGE NOTES FOR ITS OWN ACCOUNT IN EXCHANGE FOR OLD 7% NOTES THAT WERE ACQUIRED AS A RESULT OF MARKET-MAKING ACTIVITIES OR OTHER TRADING ACTIVITIES, IT ACKNOWLEDGES THAT IT WILL DELIVER A PROSPECTUS IN CONNECTION WITH ANY RESALE OF SUCH EXCHANGE NOTES; HOWEVER, BY SO ACKNOWLEDGING AND BY DELIVERING A PROSPECTUS, THE UNDERSIGNED WILL NOT BE DEEMED TO ADMIT THAT IT IS AN "UNDERWRITER" WITHIN THE MEANING OF THE SECURITIES ACT. BY TENDERING ITS OLD 7% NOTES AND EXECUTING THIS LETTER OF TRANSMITTAL, EACH PARTICIPATING BROKER-DEALER AGREES TO USE ITS REASONABLE BEST EFFORTS TO NOTIFY THE ISSUER OR THE EXCHANGE AGENT WHEN IT HAS SOLD ALL OF ITS EXCHANGE NOTES.**

(If no Participating Broker-Dealers check this box, or if all Participating Broker-Dealers who have checked this box subsequently notify the Issuer or the Exchange Agent that all their Exchange Notes have been sold, the Issuer will not be required to maintain the effectiveness of the Exchange Offer Registration Statement or to update the Prospectus and will not provide any notices to any Holders to suspend or resume use of the Prospectus.)

Name: _____
Address: _____
Telephone No.: _____
Facsimile No.: _____

PLEASE SIGN HERE
(To be completed by All Holders of Initial Notes Regardless of Whether Initial Notes are Being Physically Delivered Herewith)

This Letter of Transmittal must be signed by the Holder(s) of Old 7% Notes exactly as their name(s) appear(s) on certificate(s) for Old 7% Notes or, if delivered by a participant in the Book-Entry Transfer Facility, exactly as such participant's name appears on a security position listing as the owner of Old 7% Notes, or by person(s) authorized to become Holder(s) by endorsements and documents transmitted with this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below under "Capacity" and submit evidence satisfactory to the Issuer of such person's authority to so act. See Instruction 4 below.

If the signature appearing below is not of the record holder(s) of the Old 7% Notes, then the record holder(s) must sign a valid bond power.

X _____

X _____

(Signature(s) of Registered Holder(s) or Authorized Signatory)

Date: _____

Name: _____

Capacity: _____

Address: _____

(Include Zip Code)

Area Code and Telephone No.: _____

PLEASE COMPLETE SUBSTITUTE FROM W-9 HEREIN

MEDALLION SIGNATURE GUARANTEE (SEE INSTRUCTION 4 BELOW)
(Certain Signatures Must Be Guaranteed by an Eligible Institution)

_____

Name of Eligible Institution Guaranteeing Signatures

_____

Address (including Zip Code) and Telephone Number (including Area Code) of Firm

_____

Authorized Signature

_____

Printed Name

_____

Title

Date: _____

SPECIAL ISSUANCE INSTRUCTIONS
(See Instructions 3, 4, 5 and 7)

To be completed ONLY if Old 7% Notes in a principal amount not tendered or not accepted for exchange are to be issued in the name of, or Exchange Notes are to be issued in the name of, someone other than the person or persons whose signature(s) appear(s) within this Letter of Transmittal.

Issue: o Old 7% Notes

o Exchange Notes

(check as applicable)

Name(s): _____

(Please print)

Address: _____

(Include Zip Code)

(Tax Identification Or Social Security Number)
(SEE SUBSTITUTE FORM W-9 HEREIN)

Credit Old 7% Notes not tendered or not exchanged by book-entry transfer to the Book-Entry Transfer Facility account set below:

(Book-Entry Transfer Facility Account Number)

Credit Exchange Notes to the Book-Entry Transfer Facility account set below:

(Book-Entry Transfer Facility Account Number)

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 4 and 9)

To be completed ONLY if Old 7% Notes in a principal amount not tendered or not accepted for exchange or Exchange Notes are to be sent to someone other than the persons whose signature(s) appear(s) within this letter of transmittal or to an address different from that shown in the box entitled "Description of Old 7% Notes" within this Letter of Transmittal.

Issue: o Old 7% Notes

o Exchange Notes

(check as applicable)

Name(s):

(Please print)

Address:

(Include Zip Code)

INSTRUCTIONS TO LETTER OF TRANSMITTAL

FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. DELIVERY OF THIS LETTER OF TRANSMITTAL AND CERTIFICATES FOR OLD 7% NOTES OR BOOK-ENTRY CONFIRMATION; WITHDRAWAL OF TENDERS.

To tender Old 7% Notes in the Exchange Offer, physical delivery of certificates for Old 7% Notes or confirmation of a book-entry transfer into the Exchange Agent's account with the Book-Entry Transfer Facility of Old 7% Notes tendered electronically, as well as a properly completed and duly executed copy or manually signed facsimile of this Letter of Transmittal, or in the case of a book-entry transfer, an Agent's Message, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at its address set forth herein prior to 5:00 p.m. New York City time, on the Expiration Date. Tenders of Old 7% Notes in the Exchange Offer may be made prior to the Expiration Date in the manner described in the preceding sentence and otherwise in compliance with this Letter of Transmittal. THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, CERTIFICATES FOR OLD 7% NOTES AND ALL OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT, INCLUDING DELIVERY THROUGH DTC AND ANY ACCEPTANCE OF AN AGENT'S MESSAGE TRANSMITTED THROUGH ATOP, IS AT THE ELECTION AND RISK OF THE HOLDER TENDERING OLD 7% NOTES. IF SUCH DELIVERY IS MADE BY MAIL, IT IS SUGGESTED THAT THE HOLDER USE PROPERLY INSURED, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED AND THAT SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY. NO ALTERNATIVE, CONDITIONAL OR CONTINGENT TENDERS OF OLD 7% NOTES WILL BE ACCEPTED. Except as otherwise provided below, the delivery will be made when actually received by the Exchange Agent. THIS LETTER OF TRANSMITTAL, CERTIFICATES FOR THE OLD 7% NOTES AND ANY OTHER REQUIRED DOCUMENTS SHOULD BE SENT ONLY TO THE EXCHANGE AGENT, NOT TO THE ISSUER, THE TRUSTEE OR DTC.

Old 7% Notes tendered pursuant to the Exchange Offer may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. In order to be valid, notice of withdrawal of tendered Old 7% Notes must comply with the requirements set forth in the Prospectus under "*The Exchange Offer—Withdrawal of Tenders*."

2. GUARANTEED DELIVERY PROCEDURES.

If Holders desire to tender Old 7% Notes pursuant to the Exchange Offer and (i) certificates representing such Old 7% Notes are not lost but are not immediately available, (ii) time will not permit this Letter of Transmittal, certificates representing such Holder's Old 7% Notes and all other required documents to reach the Exchange Agent prior to the Expiration Date or (iii) the procedures for book-entry transfer cannot be completed prior to the Expiration Date, such Holders may effect a tender of Old 7% Notes in accordance with the guaranteed delivery procedures set forth in the Prospectus under "*The Exchange Offer—Guaranteed Delivery Procedures*."

Pursuant to the guaranteed delivery procedures:

(i) such tender must be made by or through an Eligible Institution;

(ii) prior to the Expiration Date the Exchange Agent must have received from such Eligible Institution at one of the addresses set forth on the cover of this Letter of Transmittal a properly completed and validly executed Notice of Guaranteed Delivery (by manually signed facsimile transmission, mail or hand delivery) in substantially the form provided with the Prospectus, setting forth the name(s) and address(es) of the registered Holder(s) and the principal amount of Old 7% Notes being tendered and stating that the tender is being made thereby and guaranteeing that, within three New York Stock Exchange ("NYSE") trading days from the date of the Notice of Guaranteed Delivery, the Letter of Transmittal (or a manually signed facsimile thereof) properly completed and duly executed, or, in the case of a book-entry transfer, an Agent's Message, in either case together with certificates representing all physically tendered Old 7% Notes in proper form for transfer (or confirmation of book-entry transfer of such Old 7% Notes into the Exchange Agent's account at the Book-Entry Transfer Facility), and any other documents required by this Letter of Transmittal and the instructions thereto, will be deposited by such Eligible Institution with the Exchange Agent; and

(iii) this Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message, together with certificates for all physically tendered Old 7% Notes in proper form for transfer (or a Book-Entry Confirmation with respect to all tendered Old 7% Notes), and any other required documents, must be received by the Exchange Agent within three NYSE trading days after the date of such Notice of Guaranteed Delivery.

3. PARTIAL TENDERS.

If less than the entire principal amount of any Old 7% Notes evidenced by a submitted certificate is tendered, the tendering Holder must fill in the principal amount tendered in the last column of the box entitled "Description of Old 7% Notes" herein. The entire principal amount represented by the certificates for all Old 7% Notes delivered to the Exchange Agent will be deemed to have been tendered, unless otherwise indicated. The entire principal amount of all Old 7% Notes not tendered or not accepted for exchange will be sent (or, if tendered by book-entry transfer, returned by credit to the account at the Book-Entry Transfer Facility designated herein) to the Holder unless otherwise provided in the "Special Issuance Instructions" or "Special Delivery Instructions" boxes of this Letter of Transmittal.

4. SIGNATURES ON THIS LETTER OF TRANSMITTAL, BOND POWERS AND ENDORSEMENTS; GUARANTEE OF SIGNATURES.

If this Letter of Transmittal is signed by the Holder(s) of the Old 7% Notes tendered hereby the signature(s) must correspond with the name(s) as written on the face of the certificate(s) without alteration, enlargement or any change whatsoever. If this Letter of Transmittal is signed by a participant in the Book-Entry Transfer Facility whose name is shown as the owner of the Old 7% Notes tendered hereby, the signature must correspond with the name shown on the security position listing as the owner of the Old 7% Notes. If any of the Old 7% Notes tendered hereby are registered in the name of two or more Holders, all such Holders must sign this Letter of Transmittal. If any tendered Old 7% Notes are registered in client names on several certificates, it will be necessary to complete, sign and submit as many separate copies of this Letter of Transmittal and any necessary accompanying documents as there are different names in which certificates are held. If this Letter of Transmittal or any certificates for Old 7% Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Issuer, proper evidence satisfactory to the Issuer of its authority so to act must be submitted with this Letter of Transmittal.

IF THIS LETTER OF TRANSMITTAL IS EXECUTED BY A PERSON OR ENTITY WHO IS NOT THE REGISTERED HOLDER, THEN THE REGISTERED HOLDER MUST SIGN A VALID BOND POWER WITH THE SIGNATURE OF SUCH REGISTERED HOLDER GUARANTEED BY A PARTICIPANT IN THE SECURITIES TRANSFER AGENTS MEDALLION PROGRAM, THE NEW YORK STOCK EXCHANGE MEDALLION SIGNATURE PROGRAM OR THE STOCK EXCHANGES MEDALLION PROGRAM (A "MEDALLION SIGNATURE GUARANTOR").

No signature guarantee is required if (i) this Letter of Transmittal is signed by the registered Holder(s) of the Old 7% Notes tendered herewith (or by a participant in the Book-Entry Transfer Facility whose name appears on a security position listing as the owner of Old 7% Notes) and certificates for Exchange Notes or for any Old 7% Notes for principal amounts not tendered or not accepted for exchange are to be issued directly to such Holder(s) or, if tendered by a participant in the Book-Entry Transfer Facility, any Old 7% Notes for principal amounts not tendered or not accepted for exchange are to be credited to such participant's account at the Book-Entry Transfer Facility and neither the "Special Issuance Instructions" box nor the "Special Delivery Instructions" box of this Letter of Transmittal has been completed or (ii) such Old 7% Notes are tendered for the account of an Eligible Institution. IN ALL OTHER CASES ALL SIGNATURES ON LETTERS OF TRANSMITTAL ACCOMPANYING OLD 7% NOTES MUST BE GUARANTEED BY A MEDALLION SIGNATURE GUARANTOR. In all such other cases (including if this Letter of Transmittal is not signed by the Holder), the Holder must either properly endorse the certificates for Old 7% Notes tendered or transmit a separate, properly completed bond power with this Letter of Transmittal (in either case, executed exactly as the name(s) of the registered Holder(s) appear(s) on such Old 7% Notes, and, with respect to a participant in the Book-Entry Transfer Facility whose name appears on a security position listing as the owner of Old 7% Notes, exactly as the name(s) of the participant(s) appear(s) on such security position listing), with the signature on the endorsement or bond power guaranteed by a Medallion Signature Guarantor, unless such certificates or bond powers are executed by an Eligible

Institution. Endorsements on certificates for Old 7% Notes and signatures on bond powers provided in accordance with this Instruction 4 by registered Holders not executing this Letter of Transmittal must be guaranteed by a Medallion Signature Guarantor.

5. SPECIAL ISSUANCE AND SPECIAL DELIVERY INSTRUCTIONS.

Tendering Holders should indicate in the applicable box or boxes the name and address to which Old 7% Notes for principal amounts not tendered or not accepted for exchange or certificates for Exchange Notes, if applicable, are to be issued or sent, if different from the name and address of the Holder signing this Letter of Transmittal. In the case of payment to a different name, the taxpayer identification or social security number of the person named must also be indicated.

6. TAXPAYER IDENTIFICATION NUMBER.

Each tendering Holder is required to provide the Exchange Agent with the Holder's correct taxpayer identification number ("TIN"), generally the Holder's social security or Federal employer identification number, on Substitute Form W-9 which is provided under "Important Tax Information" below, or alternatively to establish another basis for exemption from backup withholding. Failure to provide the information on the form may subject such Holder to a $50 penalty imposed by the Internal Revenue Service ("IRS") and 30% Federal backup withholding tax on any payment made to the Holder with respect to the Exchange Offer. The appropriate box in Part I of Substitute Form W-9 should be checked if the tendering or consenting Holder has not been issued a TIN and has either applied for a TIN or intends to apply for a TIN in the near future. If the box in Part I of Substitute Form W-9 is checked, the Holder should also sign the attached Certification of Awaiting Taxpayer Identification Number. If the Exchange Agent is not provided with a TIN, the Exchange Agent will withhold 30% on all such payments of the Exchange Notes until a TIN is provided to the Exchange Agent.

7. TRANSFER TAXES.

The Issuer will pay all transfer taxes applicable to the exchange and transfer of Old 7% Notes pursuant to the Exchange Offer, except if (i) deliveries of certificates for Old 7% Notes for principal amounts not tendered or not accepted for exchange are registered or issued in the name of any person other than the Holder of Old 7% Notes tendered thereby, (ii) tendered certificates are registered in the name of any person other than the person signing this Letter of Transmittal or (iii) a transfer tax is imposed for any reason other than the exchange of Old 7% Notes pursuant to the Exchange Offer, in which case the amount of any transfer taxes (whether imposed on the registered Holder or any other persons) will be payable by the tendering Holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted herewith the amount of taxes will be billed directly to such tendering Holder.

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8. IRREGULARITIES.

All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered Old 7% Notes and all other documents will be determined by the Issuer in their its discretion, which determination shall be final and binding. ALTERNATIVE, CONDITIONAL OR CONTINGENT TENDERS OF OLD 7% NOTES WILL NOT BE CONSIDERED VALID. The Issuer reserves the absolute right to reject any and all tenders of Old 7% Notes that are not in proper form or the acceptance of which, in the Issuer's opinion or in the opinion of our counsel, would be unlawful. The Issuer also reserves the right to waive any defects, irregularities or conditions of tender as to particular Old 7% Notes. The Issuer's interpretations of the terms and conditions of the Exchange Offer (including the instructions in this Letter of Transmittal) will be final and binding. Any defect or irregularity in connection with tenders of Old 7% Notes must be cured within such time as the Issuer determines, unless waived by the Issuer. Tenders of Old 7% Notes shall not be deemed to have been made until all defects or irregularities have been waived by the Issuer or cured. A defective tender (which defect is not waived by the Issuer or cured by the Holder) will not constitute a valid tender of Old 7% Notes and will not entitle the Holder to Exchange Notes. None of the Issuer, the Trustee, the Exchange Agent or any other person will be under any duty to give notice of any defect or irregularity in any tender or withdrawal of any Old 7% Notes, or incur any liability to Holders for failure to give any such notice.

9. WAIVER OF CONDITIONS.

The Issuer reserves the right, in its reasonable discretion, to amend or waive any of the conditions to the Exchange Offer.

10. MUTILATED, LOST, STOLEN OR DESTROYED CERTIFICATES FOR OLD 7% NOTES.

Any Holder whose certificates for Old 7% Notes have been mutilated, lost, stolen or destroyed should write to or telephone the Trustee at the address or telephone number set forth on the cover of this Letter of Transmittal for the Exchange Agent.

11. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES.

Questions relating to the procedure for tendering Old 7% Notes and requests for assistance or additional copies of the Prospectus, this Letter of Transmittal, the Notice of Guaranteed Delivery or other documents may be directed to the Exchange Agent, whose address and telephone number appear on the cover of this Letter of Transmittal.

12. WITHDRAWAL OF TENDERS

Except as otherwise provided herein, tenders of Old 7% Notes may be withdrawn at any time prior to 5:00 pm., New York City time, on the Expiration Date.

To withdraw a tender of Old 7% Notes in the Exchange Offer, a written or facsimile transmission notice of withdrawal must be received by the Exchange Agent at the address listed on the cover of this Letter of Transmittal prior to 5:00 p.m., New York City time, on the Expiration Date. Any notice of withdrawal must:

- specify the name of the person having deposited the Old 7% Notes to be withdrawn;
-

identify the Old 7% Notes to be withdrawn (including the certificate number or numbers and principal amount of such Old 7% Notes);

- be signed by the Holder in the same manner as the original signature on this Letter of Transmittal (including any required signature guarantees) or be accompanied by documents of transfer sufficient to have the Trustee with respect to the Old 7% Notes register the transfer of the Old 7% Notes into the name of the person withdrawing the tender; and

- specify the name in which any Old 7% Notes are to be registered, if different from that of the person having deposited the notes to be withdrawn.

If the Old 7% Notes have been delivered under the book-entry procedure set forth in the Prospectus, any notice of withdrawal must specify the name and number of the tendering Holder's account at DTC to be credited with the withdrawn Old 7% Notes. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Issuer in its sole discretion, which determination shall be final and binding on all parties. Any Old 7% Notes so withdrawn will be deemed not to have been validly tendered for purposes of the Exchange Offer, and no Exchange Notes will be issued with respect thereto unless the Old 7% Notes so withdrawn are validly retendered. Properly withdrawn Old 7% Notes may be retendered by following one of the procedures described in "*The Exchange Offer—Procedures for Tendering*" of the Prospectus at any time prior to the Expiration Date.

IMPORTANT TAX INFORMATION

Under Federal income tax laws, a Holder who tenders Old 7% Notes prior to receipt of the Exchange Notes is required to provide the Exchange Agent with such Holder's correct TIN on the Substitute Form W-9 below or otherwise establish a basis for exemption from backup withholding. If such Holder is an individual, the TIN is his or her social security number. If the Exchange Agent is not provided with the correct TIN, a $50 penalty may be imposed by the IRS and payments, including any Exchange Notes, made to such Holder with respect to Old 7% Notes exchanged pursuant to the Exchange Offer may be subject to backup withholding at a 30% rate.

Certain Holders (including, among others, all corporations and certain foreign persons) are not subject to these backup withholding and reporting requirements. Exempt Holders should indicate their exempt status on the Substitute Form W-9. A foreign person may qualify as an exempt recipient by submitting to the Exchange Agent a properly completed IRS Form W-8 signed under penalties of perjury, attesting to that Holder's exempt status. A Form W-8 can be obtained from the IRS electronically through its internet site at "www.irs.gov." See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional instructions. Holders are urged to consult their own tax advisors to determine whether they are exempt.

If backup withholding applies, the Exchange Agent is required to withhold 30% of any payments made to the Holder or other payee. Backup withholding is not an additional Federal income tax. Rather, the Federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the IRS.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payments, including any Exchange Notes, made with respect to Old 7% Notes exchanged pursuant to the Exchange Offer, the Holder is required to provide the Exchange Agent with (i) the Holder's correct TIN by completing the form below, certifying that the TIN provided on the Substitute Form W-9 is correct (or that such Holder is awaiting a TIN); (ii) either (A) such Holder is exempt from backup withholding, (B) the Holder has not been notified by the IRS that the Holder is subject to backup withholding as a result of failure to report all interest or dividends or (C) the IRS has notified the Holder that the Holder is no longer subject to backup withholding and (iii) the Holder is a U.S. person (including a U.S. resident alien).

WHAT NUMBER TO GIVE THE EXCHANGE AGENT

The Holder is required to give the Exchange Agent the TIN (e.g., social security number or employer identification number) of the registered Holder. If the Old 7% Notes are held in more than one name or are held not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

PAYOR'S NAME: JPMORGAN CHASE BANK

SUBSTITUTE
FORM W-9

Payee Information (Please print or type):
Individual or business name (if joint account list first and circle the name of person or entity whose number you furnish in Part 1 below):

Check appropriate box:
/ / Individual/Sole Proprietor / / Corporation / / Partnership / / Other

Address

City, State and Zip Code

Department of the Treasury
Internal Revenue Service

PART I Taxpayer Identification Number ("TIN"): Enter your TIN in the box at right. For individuals this is your social security number; for other entities it is your employer identification number. Refer to the chart in Item A

Social security number:

of the Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 (the "Guidelines") for further clarification. If you do not have a TIN, but have applied for one or intend to apply for one in the future (see instructions on how to obtain a TIN in Item C of the Guidelines), check the appropriate box indicating that you have applied for a TIN and, in addition to the Part III Certification, sign the attached Certification of Awaiting Taxpayer Identification Number.

Employer identification number:

APPLIED FOR TIN / /

PART II Payees Exempt From Backup Withholding: Check box. (See Item B of the Guidelines for further clarification. Even if you are exempt from backup withholding, you should still complete and sign the certification below):

Exempt / /

Request For Taxpayer Identification Number and Certification

PART III Certification: You must cross out item 2 below if you have been notified by the Internal Revenue Service (the "IRS") that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.

Under penalties of perjury, I certify that:
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me) and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, (b) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. person (including a U.S. resident alien).

Signature: ___ Date: ___

FAILURE TO COMPLETE AND RETURN THIS SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING OF 30% OF ANY PAYMENT MADE TO YOU PURSUANT TO THE EXCHANGE OFFER. PLEASE REVIEW THE ENCLOSED "GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9" FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATION IF YOU CHECKED THE BOX "APPLIED FOR TIN" IN PART I OF SUBSTITUTE FORM W-9

CERTIFICATION OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify, under penalties of perjury, that a TIN has not been issued to me, and either (a) I have mailed or delivered an application to receive a TIN to the appropriate IRS Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a TIN to the payor, the payor is required to withhold 30% of all reportable payments to me until I furnish the payor with a TIN.

Signature: _____ Date: _____

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NOTICE OF GUARANTEED DELIVERY
of
7% Senior Notes Due 2013
of
USA INTERACTIVE

This form, or one substantially equivalent hereto, must be used by any Holder of 7% Senior Notes due 2013 (the "Old 7% Notes") of USA Interactive, a Delaware corporation (the "Issuer"), who wishes to tender Old 7% Notes pursuant to the Issuer's Exchange Offer, as defined in the Prospectus dated [•], 2003 (the "Prospectus"), and (i) whose Old 7% Notes are not immediately available or (ii) who cannot deliver such Old 7% Notes or any other documents required by the Letter of Transmittal on or before the Expiration Date or (iii) who cannot comply with the book-entry transfer procedure on a timely basis. This form may be delivered by facsimile transmission, mail or hand delivery to the Exchange Agent. See "*The Exchange Offer—Guaranteed Delivery Procedures*" in the Prospectus. Capitalized terms not defined herein are defined in the Prospectus.

The Exchange Agent for the Exchange Offer is:
JPMORGAN CHASE BANK

By Registered or Certified Mail,
or Overnight Delivery After
4:30 p.m. on the Expiration Date:
JPMorgan Chase Bank
ITS Bond Events
2001 Bryan Street,
9th Floor
Dallas, TX 75201
Attention: Frank Ivins

For Information Call:
(212) 623-6794

By Regular Mail
(REGISTERED OR CERTIFIED
MAIL RECOMMENDED)
JPMorgan Chase Bank
ITS Bond Events
P.O. Box 2320
Dallas, TX 75221

By Facsimile Transmission Number
(for Eligible Institutions only):
(214) 468-6494
Attention: Frank Ivins

To Confirm Facsimile
(214) 468-6464

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION VIA A FACSIMILE NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

Ladies and Gentlemen:

The undersigned hereby tenders to the Issuer upon the terms and subject to the conditions set forth in the Prospectus and the related Letter of Transmittal, receipt of which is hereby acknowledged, the principal amount of Old 7% Notes specified below pursuant to the guaranteed delivery procedures set forth under *"The Exchange Offer—Guaranteed Delivery Procedures"* in the Prospectus. By so tendering, the undersigned does hereby make, at and as of the date hereof, the representations and warranties of a tendering Holder of Old 7% Notes set forth in the Letter of Transmittal. The undersigned hereby tenders the Old 7% Notes listed below:

Certificate Number(s) (if available)	Principal Amount Tendered

All authority herein conferred or agreed to be conferred shall survive the death, incapacity or dissolution of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

If Old 7% Notes will be tendered by book-entry transfer, please provide the following information:

Name of Tendering Institution:	Depository Trust Company Account Number:

PLEASE SIGN HERE

X _____ Date: _____
Signature(s) of Owner(s) or Authorized Signatory

Area Code and Telephone Number: _____

Must be signed by the holder(s) of Old 7% Notes as their name(s) appear(s) on certificates for Old 7% Notes or on a security position listing, or by person(s) authorized to become registered holder(s) by endorsement and documents transmitted with this Notice of Guaranteed Delivery. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below.

Please print name(s) and address(es)

Name(s): _____

_____

Capacity: _____

Address(es): _____

_____

_____

GUARANTEE
(Not to be used for signature guarantee)

The undersigned, a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program, guarantees that the certificates representing the principal amount of Old 7% Notes tendered hereby in proper form for transfer, or timely confirmation of the book-entry transfer of such Old 7% Notes into the Exchange Agent's account at The Depository Trust Company pursuant to the procedures set forth in "*The Exchange Offer—Guaranteed Delivery Procedures*" of the Prospectus, together with one or more properly completed and duly executed Letters of Transmittal (or facsimile thereof or Agent's Message in lieu thereof), and any required signature guarantee and any other documents required by the Letter of Transmittal, will be received by the Exchange Agent at the address set forth above, no later than three New York Stock Exchange trading days after the Expiration Date.

Name of Firm	Authorized Signature
Street Address	Name (please print)
City, State and Zip Code	Title
Area Code and Telephone Number	Date

DO NOT SEND CERTIFICATES FOR OLD 7% NOTES WITH THIS FORM. ACTUAL SURRENDER OR CERTIFICATES FOR OLD 7% NOTES MUST BE MADE PURSUANT TO, AND BE ACCOMPANIED BY, THE EXECUTED LETTER OF TRANSMITTAL.

QuickLinks

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION VIA A FACSIMILE NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.
DO NOT SEND CERTIFICATES FOR OLD 7% NOTES WITH THIS FORM. ACTUAL SURRENDER OR CERTIFICATES FOR OLD 7% NOTES MUST BE MADE PURSUANT TO, AND BE ACCOMPANIED BY, THE EXECUTED LETTER OF TRANSMITTAL.

USA INTERACTIVE

Offer to Exchange its 7% Senior Notes due 2013
for any and all of its outstanding 7% Senior Notes due 2013

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON [•], 2003, UNLESS EXTENDED.

[•], 2003

To: Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

USA Interactive., a Delaware corporation (the "Issuer"), is offering upon the terms and conditions set forth in the Prospectus, dated [•], 2003 (as the same may be amended from time to time, the "Prospectus"), and in the related Letter of Transmittal enclosed herewith, to exchange (the "Exchange Offer") its 7% Senior Notes due 2013 (the "Exchange Notes") for an equal principal amount of its outstanding 7% Senior Notes due 2013 (the "Old 7% Notes"). As set forth in the Prospectus, the terms of the Exchange Notes are identical in all material respects to the terms of the Old 7% Notes, except for certain transfer restrictions and registration and other rights relating to the exchange of the Old 7% Notes for Exchange Notes. Old 7% Notes may only be tendered in integral multiples of $1,000.

THE EXCHANGE OFFER IS SUBJECT TO CERTAIN CONDITIONS. SEE "THE EXCHANGE OFFER—CONDITIONS" IN THE PROSPECTUS.

Enclosed herewith for your information and forwarding to your clients are copies of the following documents:

1. The Prospectus;

2. The Letter of Transmittal (including Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9) for your use and for the information of your clients;

3. A Notice of Guaranteed Delivery to be used to accept the Exchange Offer if certificates for Old 7% Notes are not immediately available, or time will not permit all required documents to reach the Exchange Agent prior to the time the Exchange Offer expires, or if the procedure for book-entry transfer cannot be completed prior to the time the Exchange Offer expires;

4. A form of letter which may be sent to your clients for whose accounts you hold Old 7% Notes registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Exchange Offer; and

5. A return envelope addressed to JPMorgan Chase Bank, the Exchange Agent.

YOUR PROMPT ACTION IS REQUESTED. THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON [•], 2003, UNLESS EXTENDED. OLD 7% NOTES TENDERED PURSUANT TO THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME BEFORE THE EXCHANGE OFFER EXPIRES.

In all cases, exchanges of Old 7% Notes accepted for exchange pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of certificates representing such Old 7% Notes (or evidence of a book-entry delivery into the Exchange Agent's Account at the Depository Trust Issuer), the Letter of Transmittal (or facsimile thereof or an Agent's Message in

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lieu thereof) properly completed and duly executed with any required signature guarantee, and any other documents required by the Letter of Transmittal.

If holders of Old 7% Notes wish to tender, but it is impracticable for them to forward their certificates for Old 7% Notes prior to the expiration of the Exchange Offer or to comply with the book-entry transfer procedures on a timely basis, a tender may be effected by following the guaranteed delivery procedures described in the Prospectus under "*The Exchange Offer—Guaranteed Delivery Procedures.*"

The Exchange Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Old 7% Notes residing in any jurisdiction in which the making of the Exchange Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction.

The Issuer will not pay any fees or commissions to brokers, dealers or other persons for soliciting exchanges of Old 7% Notes pursuant to the Exchange Offer. The Issuer will, however, upon request, reimburse you for customary clerical and mailing expenses incurred by you in forwarding any of the enclosed materials to your clients. The Issuer will pay or cause to be paid any transfer taxes payable on the transfer of Old 7% Notes to it, except as otherwise provided in Instruction 7 of the Letter of Transmittal.

Questions and requests for assistance with respect to the Exchange Offer or for copies of the Prospectus and Letter of Transmittal may be directed to the Exchange Agent at its address or telephone number set forth on the front of the Letter of Transmittal.

Very truly yours,

USA INTERACTIVE

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AS AN AGENT OF THE ISSUER, THE EXCHANGE AGENT, OR ANY AFFILIATE OF EITHER OF THEM, OR AUTHORIZE YOU OR ANY OTHER PERSON TO

MAKE ANY STATEMENTS OR USE ANY DOCUMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.

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USA INTERACTIVE

Offer to Exchange its 7% Senior Notes due 2013
for any and all of its outstanding 7% Senior Notes due 2013

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON [•], 2003, UNLESS EXTENDED.

To Our Clients:

Enclosed for your consideration is a Prospectus, dated [•], 2003 (as the same may be amended from time to time, the "Prospectus"), and a Letter of Transmittal (the "Letter of Transmittal") relating to the offer (the "Exchange Offer") by USA Interactive (the "Issuer") to exchange its 7% Senior Notes due 2013 (the "Exchange Notes") for an equal principal amount of its outstanding 7% Senior Notes due 2013 (the "Old 7% Notes"), upon the terms and subject to the conditions set forth in the Prospectus and in the Letter of Transmittal. As set forth in the Prospectus, the terms of the Exchange Notes are substantially identical to the terms of the Old 7% Notes, except for certain transfer restrictions and registration and rights relating to the Old 7% Notes which will not apply to the Exchange Notes. See "*The Exchange Offer*" in the Prospectus. Old 7% Notes may be tendered only in integral multiples of $1,000.

These materials are being forwarded to you as the beneficial owner of Old 7% Notes held by us for your account or benefit but not registered in your name. **An exchange of any Old 7% Notes may only be made by us as the holder of record and pursuant to your instructions. The Letter of Transmittal is furnished to you for informational purposes only and may not be used by you to exchange the Old 7% Notes held by us for your account or benefit.**

Accordingly, we request instructions as to whether you wish us to exchange any or all of the Old 7% Notes held by us for your account or benefit, pursuant to the terms and conditions set forth in the Prospectus and the Letter of Transmittal. We urge you to read carefully the Prospectus and the Letter of Transmittal before instructing us to exchange your Old 7% Notes.

Your attention is directed to the following:

1. The Exchange Offer is for the exchange of $1,000 principal amount of Exchange Notes for each $1,000 principal amount of Old 7% Notes, of which $750,000,000 aggregate principal amount was outstanding as of December 16, 2002. The terms of the Exchange Notes are substantially identical in all material respects to the terms of the Old 7% Notes, except for certain transfer restrictions and registration rights relating to the Old 7% Notes which will not apply to the Exchange Notes.

2. THE EXCHANGE OFFER IS SUBJECT TO CERTAIN CONDITIONS. SEE "*THE EXCHANGE OFFER—CONDITIONS*" IN THE PROSPECTUS.

3. The Exchange Offer and withdrawal rights will expire at 5:00 p.m., New York City time, on [•], 2003, unless extended. Any Old 7% Notes tendered pursuant to the Exchange Offer may be withdrawn at any time before the Exchange Offer expires.

4. Any transfer taxes incident to the transfer of Old 7% Notes from the tendering holder to the Issuer will be paid by the Issuer, except as otherwise provided in the Prospectus and the Letter of Transmittal.

If you wish us to exchange any or all of your Old 7% Notes held by us for your account or benefit, please so instruct us by completing, executing and returning to us the instructions on the back of this letter. An envelope to return your instructions to us is enclosed. **If you do not instruct us to tender your Old 7% Notes, they will not be tendered.** Unless a specific contrary instruction is given in the space provided, your signature(s) on the instructions shall constitute an instruction to us to tender all the Old 7% Notes held by us for your account.

The Exchange Offer is not being made to, nor will exchanges be accepted from or on behalf of, holders of Old 7% Notes residing in any jurisdiction in which the making of the Exchange Offer or acceptance thereof would not be in compliance with the laws of such jurisdiction.

INSTRUCTIONS WITH RESPECT TO

THE EXCHANGE OFFER

The undersigned hereby acknowledges receipt of your letter and the enclosed material referred to therein relating to the Exchange Offer made by USA Interactive with respect to its Old 7% Notes.

This will instruct you, as to the action to be taken by you relating to the Exchange Offer with respect to the Old 7% Notes held by you for the account of the undersigned.

The aggregate face amount of the Old 7% Notes held by you for the account of the undersigned is (*fill in amount*):

$ of the 7% Senior Notes due 2013.

With respect to the Exchange Offer, the undersigned hereby instructs you (*check appropriate box*):

o To TENDER the following Old 7% Notes held by you for the account of the undersigned *(insert principal amount of Old 7% Notes to be tendered*, if any):*

$ of the 7% Senior Notes due 2013.

** The minimum permitted tender is $1,000 in principal amount of Old 7% Notes. All tenders must be in integral multiples of $1,000 of principal amount.*

o NOT to TENDER any Old 7% Notes held by you for the account of the undersigned.

If the undersigned instructs you to tender the Old 7% Notes held by you for the account of the undersigned, it is understood that you are authorized (a) to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representations and warranties contained in the Letter of Transmittal that are to be made with respect to the undersigned as a beneficial owner of Old 7% Notes; (b) to make such agreements, representations and warranties on behalf of the undersigned, as are set forth in the Letter of Transmittal, and (c) to take such other action as may be necessary under the Prospectus or the Letter of Transmittal to effect the valid tender of such Old 7% Notes.

Unless a specific contrary instruction is given in the space provided, the undersigned's signature hereon shall constitute an instruction to you to tender all of the Old 7% Notes held by you for the account of the undersigned.

SIGN HERE

Name of Beneficial Owner(s): _____

Signature(s): _____

Name(s) (please print): _____

Address: _____

_____

Telephone Number: _____

Taxpayer Identification or Social Security Number: _____

Date: _____

QuickLinks

INSTRUCTIONS WITH RESPECT TO THE EXCHANGE OFFER