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As Filed with the Securities and Exchange Commission on December 23, 2002

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)

David Ellen
Deputy General Counsel
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:

Karen E. Bertero
Gibson, Dunn & Crutcher LLP
333 S. Grand Avenue
Los Angeles, California 90071
(213) 229-7520

Approximate Date of Commencement of Proposed Sale to the Public: As soon as practicable after this registration statement becomes effective and upon completion of the merger described in the enclosed prospectus.

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	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value $0.01 per share	(1)	N/A	$184,507,500(2)	$16,974.69(3)

(1) The number of shares of Common Stock to be registered has been omitted pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) The registration fee has been calculated pursuant to Rule 457(o) on the basis of the maximum aggregate offering price of all securities to be offered in connection with the acquisition of Entertainment Publications, Inc.

(3) Reflects the product of (a) 0.000092 multiplied by (b) the Proposed Maximum Aggregate Offering Price for shares of USA common stock.

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.

Subject to Completion, dated December 23, 2002

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

The executive committee of the board of directors of USA Interactive has approved a merger agreement that would result in Entertainment Publications, Inc. becoming a subsidiary of USA Interactive. In the merger, each outstanding share of Entertainment Publications common stock and options for common stock would be converted into the right to receive a combination of cash and shares of USA common stock. USA expects to issue approximately 6.6 million shares of USA common stock at the closing of the merger. This prospectus relates to the shares that USA may issue to the current shareholders and optionholders of Entertainment Publications pursuant to the merger.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

Please see "Risk Factors" beginning on page 13 for a discussion of matters relating to an investment in USA common stock.

USA common stock is listed on the Nasdaq National Market under the symbol "USAI." The closing price of USA common stock on the Nasdaq National Market on { • }, 2002, the date immediately prior to the date of this prospectus was $ • .

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the USA common stock to be issued in the merger or determined if the information contained in this document is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this prospectus is { • }, 2002.

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IMPORTANT

This document constitutes a prospectus of USA for the shares of USA common stock that USA will issue to Entertainment Publications' shareholders and optionholders in the merger. As permitted under the rules of the U.S. Securities and Exchange Commission, or the SEC, this prospectus incorporates important business and financial information about USA and its affiliates that is contained in documents filed with the SEC and that is not included in or delivered with this prospectus. Copies of these documents may be obtained, without charge, from the website maintained by the SEC at www.sec.gov, as well as other sources. See "Where You Can Find More Information" beginning on page 57. You may also obtain copies of these documents, without charge, from USA by writing or calling:

USA Interactive
152 West 57th Street
New York, New York 10019
(212) 314-7300
Attention: Corporate Secretary

In order to obtain delivery of these documents prior to completion of the merger, you should request such documents no later than { • }, 2002.

Except as otherwise specifically noted, references to "us," "we" or "our" refer to USA Interactive.

In "Questions and Answers About the Merger" below and in the "Summary" beginning on page 4, we highlight selected information from this prospectus but we have not included all of the information that may be important to you. To better understand the merger agreement and the merger, and for a complete description of their legal terms, you should carefully read this entire prospectus, including the appendix, as well as the documents that we have incorporated by reference into this document. See "Where You Can Find More Information" beginning on page 57.

Information regarding Entertainment Publications has been provided by Entertainment Publications for inclusion in this prospectus.

NOTE ON COPYRIGHTS AND TRADEMARKS

Expedia and Expedia.com, among others, are copyrights and trademarks of Expedia, Inc. 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. Sally Foster and Entertainment, among others, are copyrights and trademarks of Entertainment Publications, Inc.

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What is the proposed transaction?

A: USA is proposing to acquire all of the outstanding shares of Entertainment Publications common stock. The acquisition will be effected by the merger of a wholly owned subsidiary of USA with and into Entertainment Publications, with Entertainment Publications surviving as a subsidiary of USA. We sometimes refer to Entertainment Publications following completion of the merger as the surviving corporation.

Q: How many shares of USA common stock will be issued in the merger?

A: The total consideration to be paid by USA in the merger for all outstanding shares of Entertainment Publications common stock and options for shares of Entertainment Publications common stock is approximately $370 million, subject to adjustment as described in this prospectus. USA may issue USA common stock valued at up to $184,507,500 in the merger; and the balance of the consideration will be paid in cash. The exact number of shares to be issued by USA will not be finally determined until the day prior to the consummation of the merger. Alternatively, USA may elect to pay all or a portion of the $184,507,500 otherwise payable in USA common stock in cash instead of shares of USA common stock. USA will not issue fractional shares of USA common stock. Any Entertainment Publications shareholder or optionholder entitled to receive a fractional share of USA common stock will receive a cash payment instead of a fractional share.

Q: Is my vote needed to approve the merger?

A: No vote of the stockholders of USA is required. A majority of the shareholders of Entertainment Publications will be required to approve the merger. USA has entered into a voting agreement with shareholders of Entertainment Publications who hold, in the aggregate, approximately 78.3% of the outstanding shares of Entertainment Publications common stock as of December 1, 2002. Pursuant to the voting agreement, these shareholders have agreed to vote

their shares in favor of the merger at the shareholders meeting to be called by Entertainment Publications to approve the merger, among other things. We refer to these shareholders as the Company Principal Shareholders in this prospectus. Materials related to the vote of the shareholders of Entertainment Publications will be sent to the shareholders of Entertainment Publications by Entertainment Publications. The directors and executive officers of Entertainment Publications, including their affiliates, hold 810,360 shares or 4.9% of the outstanding Entertainment Publications common stock.

Q: Will I have appraisal rights in connection with the merger?

A: No.

Q. Will I be able to freely resell the shares of USA common stock I receive in the merger?

A. Shares of USA common stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act, except for shares of USA common stock issued to any Entertainment Publications shareholder that is, or is expected to be, an "affiliate" of USA or Entertainment Publications for purposes of Rule 145 under the Securities Act. See "The Merger—Resale of USA Common Stock."

Q: Will I be taxed on the cash and/or USA common stock that I receive?

A: The exchange of shares of Entertainment Publications common stock by Entertainment Publications shareholders for cash and shares of USA common stock in the merger will be treated for United States federal income tax purposes as a taxable sale of the Entertainment Publications shares, in which an Entertainment Publications shareholder generally will recognize gain or loss equal to the difference between (i) the amount of cash and the value of the USA common stock

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received and (ii) the shareholder's basis in the Entertainment Publications shares surrendered. We recommend that you carefully read the complete explanation of the material federal income tax consequences of the merger beginning on page 19, and that you consult your tax advisor for a full understanding of the tax consequences of the merger to you.

Q: What do I need to do now?

A: Nothing, other than carefully reading the information contained in this document. After the merger is completed, you will receive written instructions and a letter of transmittal for exchanging your shares of Entertainment Publications common stock for shares of USA common stock and cash. Please do not send your stock certificates until you receive the instructions and letter of transmittal.

Q: When do you expect to complete the merger?

A: We currently expect to complete the merger in the first quarter of 2003; however, we must satisfy a number of conditions before we can complete the merger. We refer to the date of completion of the merger as the closing date.

Q: Where can I find more information?

A: You may obtain more information from various sources, as set forth under "Where You Can Find More Information" beginning on page 57.

SUMMARY

The following summary highlights selected information from this prospectus and may not contain all of the information that is important to you. To better understand the merger, you should carefully read this entire document and the other documents to which this document refers you. See "Where You Can Find More Information" beginning on page 57.

Information About the Parties

USA Interactive
152 West 57th Street
New York, New York 10019
(212) 314-7300

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

Entertainment Publications, Inc.
2125 Butterfield Road
Troy, Michigan 48084
(248) 637-8400

Entertainment Publications sells over 8 million annual memberships per year for Entertainment® Books and also sells online access to local 50% off and 2-for-1 discounts on dining, travel, shopping and attractions. Consumers redeem an average of 25 discount offers each per year, generating an estimated $8-10 billion in merchant sales. Approximately 70,000 merchants participate in Entertainment Publications' discount programs.

Red Wing, Inc.
c/o USA Interactive
152 West 57th Street
New York, New York 10019
(212) 314-7300

Red Wing, Inc., a Michigan corporation, is a wholly owned subsidiary of USA created solely for the purpose of effecting the merger. In the merger, Red Wing, Inc. will be merged with and into Entertainment Publications, with Entertainment Publications surviving the merger as a subsidiary of USA.

Transaction Structure

At the closing of the merger, Red Wing, Inc. will be merged with and into Entertainment Publications, with Entertainment Publications surviving as a subsidiary of USA. We sometimes refer to Entertainment Publications following the completion of the merger as the surviving corporation. At the effective time, the separate existence of Red Wing, Inc. will cease.

Reasons for the Merger

For a description of the factors on which the executive committee of USA's board of directors based its decision to approve the merger, see "USA's Reasons for the Merger" beginning on page 18. For a description of the factors on which the Entertainment Publications' board of directors based its

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decision to approve the merger, see "Entertainment Publications' Reasons for the Merger" beginning on page 18.

Treatment of Entertainment Publications Common Stock (Page 26)

At the effective time, each share of Entertainment Publications common stock issued and outstanding immediately prior to the effective time (other than certain shares held by four officers, which are referred to herein as the Management Rollover Shares) will be automatically converted into the right to receive a portion of the merger consideration calculated as described below. See "Interests of Certain Persons in the Merger—Management Investment in Surviving Corporation" beginning on page 23 for a description of the treatment of the Management Rollover Shares. At the effective time, shares of Entertainment Publications common stock will no longer be outstanding, and will automatically be canceled and retired and will cease to exist, and each certificate previously representing any shares of Entertainment Publications will thereafter represent only the right to receive the merger consideration payable upon the surrender of those certificates, without interest.

Treatment of Entertainment Publications Stock Options (Page 27)

Pursuant to the Entertainment Publications stock option plan and action of Entertainment Publications' board of directors, upon the giving of at least 30 days' prior notice of the change of control associated with the consummation of the merger to the optionholders of Entertainment Publications, all outstanding options will become fully vested and exercisable immediately prior to the effective time of the merger and will terminate if not exercised prior to the effective time. Entertainment Publications has given the appropriate notice to each of the optionholders of Entertainment Publications of the change of control that will occur upon the consummation of the merger. Pursuant to the merger agreement, USA has agreed to pay optionholders of Entertainment Publications who return a properly executed holder acknowledgment prior to the effective time their share of the merger consideration, calculated as described below. Optionholders who do not return the holder acknowledgment may exercise their options prior to the effective time and have the shares of Entertainment Publications common stock they receive upon exercise be converted into the right to receive their share of the merger consideration payable to holders of common stock, which shall be the same as the amount paid to optionholders who return a properly executed holder acknowledgment prior to the effective time. If an optionholder neither delivers a holder acknowledgment nor exercises options prior to the effective time, the options will terminate at the closing of the merger without a right to receive any merger consideration.

Ownership of USA Following the Merger

We anticipate that USA will issue approximately 6.6 million shares of USA common stock at the closing of the merger, or approximately 1.5% of the shares of USA common stock that will be outstanding at the conclusion of the merger and approximately 1.4% on a fully-diluted treasury method basis, in each case based on the number of outstanding shares of Entertainment Publications and USA on November 20, 2002 and the "average trading price" of the USA common stock for the five trading day period ended November 20, 2002. The "average trading price" means the average of the weighted average trading prices of USA common stock on the NASDAQ National Market for each of the days in a specified five-day trading period. Those shares represent approximately 0.6% of the combined voting power of USA immediately following completion of the merger, and approximately 0.6% of the combined voting power on a fully-diluted treasury method basis. Barry Diller, USA's chairman and chief executive officer, currently beneficially owns or has the right to vote 100% of the outstanding shares of USA Class B common stock, which is sufficient to control the outcome of any matter submitted to a vote of USA stockholders with respect to which holders of USA capital stock vote together as a single class.

Registration Rights Agreement (Page 41)

Concurrent with the execution of the merger agreement, USA and shareholders of Entertainment Publications holding 78.3% of the outstanding shares of Entertainment Publication common stock as of November 20, 2002 entered into a registration rights agreement, which is filed as an exhibit to the registration statement of which this prospectus is a part. The registration rights agreement requires that USA file a registration statement on Form S-3 with respect to the resale of the shares of USA common stock to be issued in the merger to the shareholders and optionholders of Entertainment Publications that are party to the registration rights agreement. By signing the registration rights agreement, the shareholders and optionholders of Entertainment Publications also agree to cooperate with an investment advisor designated by USA to facilitate their resale of the shares of USA common stock issued to them in the merger. Other

shareholders and optionholders may elect to sign the registration rights agreement under the circumstances described in the registration rights agreement and thereby agree to cooperate with the investment advisor designated by USA.

The Merger Agreement (Page 25)

The merger agreement is the legal document that governs the merger and the other transactions contemplated by the merger agreement. The merger agreement is filed as an exhibit to the registration statement of which this prospectus forms a part and is incorporated herein by reference. We urge you to read it carefully in its entirety.

Voting Agreement

USA has entered into a voting agreement with shareholders of Entertainment Publications who hold, in the aggregate, approximately 78.3% of the outstanding shares of Entertainment Publications common stock as of November 20, 2002. Pursuant to the voting agreement, these shareholders have agreed to vote their shares in favor of the merger at the shareholders meeting to be called by Entertainment Publications to approve the merger, among other things.

Appraisal Rights in Connection with the Merger

There are no appraisal rights in connection with the merger.

Interests of Certain Persons in the Merger

You should be aware that a number of directors and officers of Entertainment Publications have interests in the merger that are different from, or in addition to, their interests as an Entertainment Publications shareholder. We describe these interests beginning on page 23 of this document.

Regulatory Approvals (Page 22)

Other than the notification and waiting period requirements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the HSR Act, we are not aware of any material regulatory approval or notice requirements required in connection with the merger. We intend to make all required filings under the Securities Act of 1933 and the Securities Exchange Act of 1934 relating to the merger.

Accounting Treatment (Page 22)

The merger will be accounted for under the purchase method of accounting in accordance with United States generally accepted accounting principles.

Comparison of Stockholder Rights

If we successfully complete the merger, you will become a stockholder of USA. The rights of USA stockholders are governed by Delaware law and by USA's charter and by-laws. Entertainment Publications is governed by Michigan law. Your rights under USA's charter and by-laws will differ in some respects from your rights under Entertainment Publications' charter and by-laws. For a summary of these material differences, see the discussion beginning on page 45 of this prospectus.

Selected Historical Financial Information of USA

We are providing the following selected financial information to assist you in analyzing the financial aspects of the merger. The selected USA 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 SEC, which we have incorporated by reference into this prospectus. See "Where You Can Find More Information" beginning on page 57.

USA Selected Historical Consolidated Financial Data

The following table presents selected historical consolidated financial 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, 2002 and 2001. This 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, 2002 and 2001 are unaudited and are not necessarily indicative of results for any other interim period or for any calendar year.

Since 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 document 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., or Vivendi, in which USA's Entertainment Group, consisting of USA Cable, Studios USA and USA Films, was contributed to Vivendi Universal Entertainment LLLP, or VUE, a new joint venture controlled by Vivendi. We refer to this transaction in this document 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.
- On September 24, 2002, USA completed its acquisition of Interval International.

In addition, on October 10, 2002, USA announced that it had entered into an agreement by which Ticketmaster would be merged with USA. Pursuant to that agreement, 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. The transaction is expected to be completed no later than the first quarter of 2003, subject to customary regulatory approvals.

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) available to common shareholders	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][10]	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][10]	0.5	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][10]	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][10]	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][10]	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][10]	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[9]	—	—	—	—	—	—	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

(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 the operations of 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) that are now collectively referred to as USA Films, since their acquisition by USA on May 28, 1999. 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 USA share numbers give effect to these stock splits.

(9) 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 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.

(10) 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	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

Certain Historical Per Share Data

Unaudited Per Share Data

In the following table we present historical per share data for USA as of and for the nine months ended September 30, 2002 and as of and for the year ended December 31, 2001. USA did not declare any cash dividends during the periods presented on its common stock.

The unaudited per share data does not purport to be, and you should not rely on it as, indicative of the results of operations or financial position which may be achieved in the future.

It is important that when you read this information, you read along with it the separate financial statements and accompanying notes of USA that are incorporated by reference into this document.

	USA Historical Per Share Data
Book value per share:	
September 30, 2002	$ 17.32
December 31, 2001	10.44
Earnings (loss) per share from continuing operations, before dividend to preferred shareholders:	
Basic and diluted for the nine months ended September 30, 2002	(0.34)
Basic and diluted for the twelve months ended December 31, 2002	(0.50)

Market Value

In the following table we present the historical per share closing prices and aggregate market value of USA common stock on the Nasdaq National Market as of the close of trading on November 20, 2002, the last trading date prior to the public announcement of the merger.

		USA Historical
As of November 20, 2002:		
Price per share as of close of trading	$	28.13
Aggregate market value of common stock	$	10,842,579,468(1)

(1) Based on 385,445,413 shares of USA common stock outstanding on November 20, 2002.

USA common stock trades on the Nasdaq National Market under the symbol "USAI." Shares of Entertainment Publications common stock are not publicly traded. On { • }, 2002, the last trading date prior to the printing of this prospectus, the closing price per share of USA common stock on the Nasdaq National Market was ${ • }.

The market price of shares of USA common stock is subject to fluctuation. You are urged to obtain current market quotations. See "—Per Share Price Information and Dividend Policy" below.

Per Share Price Information and Dividend Policy

The following table sets forth the high and low sale prices for a share of USA common stock, rounded to the nearest cent, for the periods indicated. The prices below are as quoted on the Nasdaq National Market, based on published financial sources.

	USA Common Stock	
	High	Low
2002		
Fourth Quarter (through December 20, 2002)	29.80	15.31
Third Quarter	24.11	16.25
Second Quarter	33.53	19.55
First Quarter	33.22	25.41
2001		
Fourth Quarter	27.84	17.45
Third Quarter	28.44	16.45
Second Quarter	28.20	20.16
First Quarter	24.94	17.69
2000		
Fourth Quarter	22.38	16.56
Third Quarter	25.94	20.00
Second Quarter	24.00	16.88
First Quarter	28.47	19.13

On November 20, 2002, the last trading day before we announced the merger, USA common stock closed at $28.13 per share. On { • }, 2002, the last trading day before the printing of this prospectus, USA common stock closed at ${ • } per share.

USA has never paid any cash dividends on shares of USA common stock. USA currently anticipates that it will retain all of its future earnings available for distribution to the holders of USA common stock for use in the expansion and operation of its business, and do not anticipate paying any cash dividends on shares of USA common stock in the foreseeable future.

RISK FACTORS

Entertainment Publications' stockholders will be subject to the following risks associated with the merger and with the ownership of USA common stock following the merger. In addition to the risks described below, the combined company will continue to be subject to the risks described in the documents that USA has filed with the SEC that are incorporated by reference into this prospectus. If any of the events described below or in the documents incorporated by reference into this prospectus actually occur, the business, financial condition, results of operations or cash flows of the combined company could be materially adversely affected. The risks below should be considered along with the other information included or incorporated by reference into this prospectus.

Risks Relating to the Merger

The number of shares of USA common stock that you will receive in the merger will be based upon the average trading price of USA common stock for the five trading days ended prior to the closing date of the merger. The value of the shares of USA common stock will fluctuate and could decrease in value.

In the merger, each Entertainment Publications share will be exchanged for a fixed number of shares of USA common stock based on the average trading price of USA common stock for the five-day trading period ending on the day prior to the closing date of the merger. The market price of USA common stock will fluctuate after the issuance of shares in the merger and likely will be different, and may be lower, on the date you receive shares of USA common stock than

the market price of shares of USA common stock as of the date of such determination as a result of changes in the business, operations or prospects of USA, market reactions to the proposed merger, general market and economic conditions and other factors. You are urged to obtain current market quotations for USA common stock. See "Summary—Per Share Price Information and Dividend Policy."

Risk Factors Relating to USA

USA depends on its key personnel.

USA is dependent upon the continued contributions of its senior corporate management, particularly Mr. Diller, the chairman and chief executive officer of USA, and certain key employees for its future success. Mr. Diller does not have an employment agreement with USA, 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, USA's business, as well as the market price of USA common stock, could be substantially adversely affected. USA cannot assure you that it will be able to retain the services of Mr. Diller or any other members of its 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 an 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., which we refer to in this document as the Stockholders Agreement, Mr. Diller effectively controls the outcome of all matters submitted to a vote or for the consent of USA's stockholders (other than with respect to the election by the holders of USA common stock of 25% of the members of USA's 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 an amended and restated governance agreement, dated as of December 16, 2001, among USA, Vivendi, Universal Studios, Liberty and Mr. Diller, which we refer to in this document as the Governance Agreement, 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 4:1 over a continuous 12-month period. USA cannot assure you that Mr. Diller and Liberty will consent to any such matter at a time when USA is highly leveraged, in which case USA 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.

USA's success depends on maintaining the integrity of its 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. USA's current security measures may not be adequate and, if any compromise of USA's security were to occur, it could have a detrimental effect on USA's reputation and adversely affect its ability to attract customers. As USA's operations continue to grow in both size and scope, USA will need to improve and upgrade its systems and infrastructure. This may require USA to commit substantial financial, operational and technical resources before the volume of business increases, with no assurance that the volume of business will increase.

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

Declines or disruptions in the industries in which USA operates, such as those caused by terrorism or general economic downturns, could harm USA's businesses.

USA's businesses in general are sensitive to trends or events that are outside of USA's 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 USA sells tickets and reduce travel. The occurrence of any of these adverse trends or events could significantly impact USA's 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. USA cannot predict the future scope and effects of these changes, which could significantly impact USA's long-term results of operations or financial condition.

USA may experience operational and financial risks in connection with its acquisitions. In addition, some of the businesses USA acquires may incur significant losses from operations or experience impairment of carrying value.

USA's future growth may be a function, in part, of acquisitions. To the extent that USA grows through acquisitions, it will face the operational and financial risks commonly encountered with that type of a strategy. USA would also face operational risks, such as failing to assimilate the operations and personnel of the acquired businesses, disrupting its ongoing business, dissipating its limited management resources and impairing its relationships with employees and customers of acquired

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businesses as a result of changes in ownership and management. Some of USA's acquisitions may not be successful and their performances may result in the impairment of their carrying value.

Changing laws and regulations, and legal uncertainties, regarding the Internet may impair USA's growth and harm its 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, such laws or regulations 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 or that such positions will not have a material adverse effect on USA's businesses, financial condition and results of operations.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus and the SEC filings 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 USA's anticipated financial performance, business prospects, new developments, new merchandising strategies and similar matters, and/or statements preceded by, followed by or that include the words "believes," "could," "should," "expects," "anticipates," "estimates," "intends," "plans," "projects," "seeks," or similar expressions. These forward-looking statements are necessarily estimates reflecting the best judgment of USA's senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions that could have a material adverse effect on the merger and/or on USA's businesses, financial condition or results of operations. In addition, investors should consider the other information contained in or incorporated by reference into USA's filings with the SEC, including its Annual Report on Form 10-K for the fiscal year ended 2001, especially in the Management's Discussion and Analysis section, its most recent Quarterly Report on Form 10-Q and its Current Reports on Form 8-K. Other unknown or unpredictable factors also could have material adverse effects on USA's future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this 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 into this prospectus by reference, could affect USA's future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- the risk that USA's and Entertainment Publications' businesses will not be integrated successfully, including successful integration of USA's and Entertainment Publications' management structures;
- costs related to the proposed transaction;
- material adverse changes in economic conditions generally or in USA's markets or industries;
- future regulatory and legislative actions and conditions affecting USA's operating areas;

- competition from others;
- product demand and market acceptance;
- the ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms;
- the ability to expand into and successfully operate in foreign markets;
- obtaining and retaining key executives and skilled employees; and
- other risks and uncertainties as may be detailed from time to time in USA's and/or USA's other public subsidiaries' public announcements and filings with the SEC.

USA is not under any obligation, and USA does not intend, to make publicly available any update or other revisions to any of the forward-looking statements contained in this prospectus to reflect circumstances existing after the date of this prospectus or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized.

THE MERGER

The following discussion of the merger and the principal terms of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, a copy of which has been filed as an exhibit to the registration statement of which this prospectus forms a part and is incorporated by reference into this prospectus.

Background to the Merger

In 2001, Ticketmaster identified Entertainment Publications as an attractive potential commercial partner or acquisition target based on its stand-alone prospects and its potential fit with Ticketmaster's and USA's other strategic assets. From time to time during 2001, representatives of Ticketmaster had commercial and strategic discussions with representatives of Entertainment Publications, and Ticketmaster kept USA informed of the general substance of these discussions.

Subsequently, during the spring of 2002, Ticketmaster management met with representatives of Entertainment Publications and The Carlyle Group ("Caryle"), affiliates of which hold a majority of the shares of outstanding common stock of Entertainment Publications, to generally explore a transaction involving Entertainment Publications and Ticketmaster and/or USA. On June 6, 2002, at a regular meeting of the Ticketmaster board of directors, the Ticketmaster board was updated on the findings from the meetings and discussed transactional mechanics and other related issues. The Ticketmaster board also discussed whether Ticketmaster or USA should be the acquiring party.

This Ticketmaster board meeting followed USA's announcement of its intention to acquire the Ticketmaster stock not owned by USA. As a result of that announcement, the Ticketmaster board appointed a special committee of independent directors. During a special meeting of the Ticketmaster board of directors held on July 1, 2002 called to discuss the Entertainment Publications transaction and other matters, the special committee advised that their preliminary view was that if the Entertainment Publications transaction was to move forward prior to any potential transaction between Ticketmaster and USA, that USA, and not Ticketmaster, should be the acquiring party.

In the meantime, EPI, Carlyle and Ticketmaster continued to discuss a possible transaction and the terms of such a transaction. USA was kept informed throughout, and due diligence was also ongoing. Ticketmaster and USA eventually retained Gibson, Dunn & Crutcher LLP to provide advisory and additional due diligence services for the possible acquisition. On August 12, 2002, USA, Ticketmaster, and Entertainment Publications came to tentative terms and signed a non-binding term sheet, which, among other things, provided for flexibility as to whether Ticketmaster or USA would be the acquiring company. Initial drafts of definitive documentation were subsequently exchanged between Gibson Dunn and Latham & Watkins, legal counsel for Entertainment Publications.

Before USA's regular board meeting on September 11, 2002 and consistent with the Ticketmaster special committee's preliminary view, USA and Ticketmaster tentatively concluded (which conclusion was later confirmed by the Ticketmaster special committee) that USA would be the acquiring party. At the regular USA board meeting, the USA board of directors delegated authority to the USA executive committee of the board of directors to decide whether or not to enter into the Entertainment Publications transaction. Eventually, the decision that USA would be the acquiring entity was communicated to Carlyle for their approval. After receiving approval, USA and Ticketmaster instructed the lawyers to revise all documentation to reflect USA as the acquiring party.

In October 2002, USA and Ticketmaster entered into a merger agreement under which Ticketmaster will be acquired by USA. That merger is now expected to close in the first part of the first quarter of 2003, subject to customary regulatory approvals.

Once a transaction appeared imminent, on November 7, 2002, USA's executive committee of the board of directors unanimously approved the proposed transaction, including the issuance of USA

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common stock as a portion of the merger consideration, the proposed merger agreement and related agreements, subject to finalization by USA's management and legal advisors of the necessary documentation. On November 14, 2002, Entertainment Publications' board of directors unanimously approved the proposed transaction, including the proposed merger agreement and related agreements, subject to finalization by Entertainment Publications' management and legal advisors of the necessary documentation.

Through November 20, 2002, the parties negotiated and finalized the terms of the transaction agreements, including the merger agreement. Upon completion of these negotiations, the parties executed the merger agreement and certain ancillary documents, copies of which have been filed as exhibits to the registration statement of which this prospectus forms a part, and USA and Entertainment Publications issued a joint press release announcing the execution of the merger agreement on November 21, 2002.

USA's Reasons for the Merger

The USA board of directors believes that the transaction will result in the following significant benefits to USA:

- Acquiring a company with significant growth opportunities and a strong management team that generates a steady and reliable stream of significant free cash flow;
- Gaining an established business that sells over 8 million annual memberships per year for Entertainment books and access to thousands of local merchants that offer 50% off and 2-for-1 discounts on dining, travel, shopping and attractions;
- Capitalizing on Entertainment Publications' tremendous local reach, with extensive merchant relationships in more than 160 markets in the United States and Canada, to increase sales and generate new revenue and profit opportunities;
- Continuing to drive the online migration of traditional businesses such as retailing, ticketing and travel and placing USA in a leadership position in a category—merchant discounts and offers—that is today primarily distributed to consumers offline;
- Generating growth opportunities for the distribution of Entertainment Publications' products to USA's other customers;
- Generating growth opportunities by offering USA products and services to customers of Entertainment Publications;
- Advancing online migration and developing more convenient, seamless ways for consumers to redeem discounts electronically by leveraging USA's technological expertise; and
- Maintaining USA's strategy to be the leader in both size and profitability in electronic commerce.

Entertainment Publications' Reasons for the Merger

In making its decision to approve the merger agreement, including the merger, Entertainment Publications' board of directors considered the following positive factors relating to the merger:

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- the ability of a combined company to more effectively pursue, in a coordinated manner, strategic growth opportunities and other expansion strategies, in part due to integration and coordination between Entertainment Publications and USA's other existing assets;

- the fact that the product offerings of Entertainment Publications and USA are complementary and, by developing and implementing a combined strategy, a combined company would

potentially increase sales of Entertainment Publications' products and services including digital expansion and new product innovations by exposing Entertainment Publications to USA's customer base, as well as create additional opportunities for USA with Entertainment Publications' existing customers;

- Entertainment Publications' board of directors' conclusion that the economic terms reflected by the merger consideration and contained in the merger represent the best economic terms that could be obtained from USA; and

- the business, financial condition, results of operations, current business strategy and competitive position of Entertainment Publications, USA and the new combined company, as well as general economic and stock market conditions.

Entertainment Publications' board of directors also considered a number of negative factors in its deliberations concerning the merger, including the factors discussed in this prospectus under "Risk Factors." The board of directors believed that these negative factors were substantially outweighed by the benefits anticipated from the merger.

In evaluating the merger, the board of directors of Entertainment Publications considered their knowledge of the business, financial condition and prospects of Entertainment Publications, and the advice of its advisors. In light of the number and variety of factors that the board of directors considered in connection with their evaluation of the merger, the board of directors did not find it practicable to assign relative weights to the foregoing factors. Rather, the board of directors made its determination based upon the total mix of information available to it.

Material United States Federal Income Tax Consequences

The following description summarizes the material United States federal income tax consequences of the merger for Entertainment Publications shareholders. It is based upon the Internal Revenue Code of 1986, as amended (which we refer to as the Code), regulations under the Code, and court and administrative rulings and decisions in effect on the date of this prospectus, all of which are subject to change, possibly retroactively. Any change could affect the continuing validity of the tax consequences described in this prospectus. We have not requested and will not request an advance ruling from the U.S. Internal Revenue Service, or the IRS, as to the tax consequences of the merger. This description is not binding on the IRS, and there can be no assurance that the IRS will not disagree with or challenge any of the conclusions described below.

The description applies only to Entertainment Publications shareholders who are U.S. persons. For purposes of this description, the term "U.S. person" means:

- an individual who is a U.S. citizen or a U.S. resident alien;

- a corporation created or organized under the laws of the United States or any state thereof;

- a trust where (1) a U.S. court is able to exercise primary supervision over the administration of the trust and (2) one or more U.S. persons have the authority to control all substantial decisions of the trust or, if the trust was in existence on August 20, 1996, it was treated as a domestic trust on that date and has elected to continue to be treated as a U.S. person; or

- an estate that is subject to U.S. tax on its worldwide income from all sources.

Our description is not a comprehensive description of all the tax consequences that may be relevant to you. It applies only to Entertainment Publications shareholders who hold their shares of Entertainment Publications common stock as a capital asset and who exchange their Entertainment Publications shares for cash and/or USA common stock in the merger. Further, it assumes that the merger is completed as described in this prospectus and that all conditions to closing the merger set

forth in this prospectus are satisfied without waiver. No attempt has been made to address all United States federal income tax consequences that may be relevant to a particular Entertainment Publications shareholder in light of the shareholder's individual circumstances or to Entertainment Publications shareholders who are subject to special treatment under the United States federal income tax laws, such as:

- banks, insurance companies and financial institutions;

- tax-exempt organizations;

- mutual funds;

- persons that have a functional currency other than the U.S. dollar;

- investors in pass-through entities;

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traders in securities who elect to apply a mark-to-market method of accounting;

- dealers in securities or foreign currencies;
- Entertainment Publications shareholders who are subject to the alternative minimum tax;
- Entertainment Publications shareholders who received their shares of Entertainment Publications common stock through the exercise or conversion of options, or otherwise as compensation or through a tax-qualified retirement plan; and
- Entertainment Publications shareholders who hold shares of Entertainment Publications common stock as part of a hedge, straddle, constructive sale or conversion transaction.

This description does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction, and it does not address any federal tax consequences other than federal income tax consequences. It does not address the tax consequences of any transaction other than the merger. Accordingly, you are strongly urged to consult with your own tax advisor to determine the particular federal, state, local or foreign income or other tax consequences of the merger to you.

Entertainment Publications shareholders who exchange their shares of Entertainment Publications common stock for USA common stock and cash in the merger will be treated as selling their shares of Entertainment Publications common stock in a taxable sale. Entertainment Publications shareholders generally will realize gain or loss on the sale measured by the difference between (i) the amount of cash and the value of USA common stock received and (ii) the tax basis of the Entertainment Publications shares surrendered in the merger, except that a portion of the cash received as a distribution to the shareholders from escrow may be treated as interest income and not as part of the "amount realized" (see the paragraph entitled "Imputed Interest on Escrow Distributions" below).

Gain or loss realized generally will be calculated separately for each block of shares (i.e., shares acquired at the same cost in a single transaction) surrendered in the merger by an Entertainment Publications shareholder. Any gain or loss will be capital gain or loss, and any such capital gain or loss will be long term if the holding period for the Entertainment Publications shares is greater than one year at the effective time of the merger. Long-term capital gain of a non-corporate shareholder is generally subject to a maximum tax rate of 20%.

The above tax consequences generally will not apply to the cash and/or shares of USA common stock received upon the conversion of Entertainment Publications stock options. In general, the income recognized pursuant to the conversion of options in the merger will be compensation income rather than capital gains. The compensation income generally will be taxable at ordinary income rates. Holders of Entertainment Publications stock options should consult their own tax advisors as to the tax consequences associated with the conversion of options pursuant to the merger.

Installment Sale Rules. Because distributions from escrow are to be received after the close of the taxable year in which the merger occurs, a shareholder may be eligible to report gain realized from the sale of his, her or its shares under the installment method. In general, if the installment method is available and the shareholder does not elect out of such treatment, a portion of each payment of consideration is taxable as gain in the year of receipt, and a portion represents a tax-free return of the shareholder's basis in the Entertainment Publications common stock. The gain is calculated by multiplying the principal amount of any payment received in the year by a "gross profit ratio," which is the ratio that (i) the selling price less the shareholder's basis in the common stock bears to (ii) the total selling price of the shareholder's shares. For this purpose, the selling price does not include the portion of any payment treated as imputed interest as described in the paragraph entitled "Imputed Interest on Escrow Distributions."

In order to calculate the gross profit ratio and the interest on deferred taxes in connection with a contingent installment obligation, such as the right to receive funds from the escrow, each shareholder is required to assume that he or she will receive the maximum possible distribution from the amounts held in escrow (and, if applicable, the maximum possible payment based on post-closing adjustments). If the amount of cash actually received is less than such maximum amount (or if the principal amount in escrow is reduced as a result of payments to USA), shareholders could be required to recompute the balance of gain to be recognized or to recognize a loss to the extent of unrecovered basis.

The installment method is not available to shareholders who will recognize a loss in the merger, who affirmatively elect out of installment method treatment, or who are otherwise ineligible for installment method treatment. A shareholder may elect out of the installment method by appropriately reporting the entire amount of gain realized on his or her tax return for the taxable year in which the merger occurs.

A shareholder that reports gain under the installment method may be required to pay interest on the deferred tax liability. In general, if the total face amount of all installment obligations (including the right to receive distributions from escrow) exceeds, at the close of any taxable year, $5 million, interest is required to be paid to the Internal Revenue Service (the "IRS") on the deferred tax liability.

The application of the installment sale rules is complex and to some degree depends on the shareholder's specific situation. In addition, the law relating to the application of the installment sale rules to amounts distributed from escrow is unclear. Each Entertainment Publications shareholder should consult his, her or its own tax advisor regarding the ability to defer a portion of the gain realized under the installment sale rules of the Internal Revenue Code and the issues that arise in connection with that deferral.

Imputed Interest on Escrow Distributions. In general, in a transaction where any payment that constitutes some or all of the purchase price is due more than six months after the date of sale, under a contract in which (i) some or all of the payments are due more than one year after the date of sale and (ii) there is an excess of the total amount of such payments due under the contract over the present value, as of the date of the sale, of such payments plus any interest payments due under the contract, a portion of such payments will be recharacterized for federal income tax purposes as interest income. The discount rate used in calculating the present value of such payments will be the appropriate "applicable federal rate," which is a rate published monthly by the IRS reflecting an average of market yields on U.S. Treasury obligations. The portion of such payments characterized as interest will be taxed as ordinary income. The application of these rules to an escrow arrangement such as the escrow provided for in the merger is unclear. You should consult with your own tax advisor to determine the tax consequences to you of the escrow account, including the possibility of imputed interest.

Payments in connection with the merger may be subject to "backup withholding" at a 30% rate. Backup withholding generally applies if a holder (a) fails to furnish his or her TIN, (b) furnishes an

incorrect TIN, (c) fails properly to include a reportable interest or dividend payment on its United States federal income tax return or (d) under certain circumstances, fails to provide a certified statement, signed under penalties of perjury, that the TIN provided is its correct number and that the shareholder is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax.

Certain persons generally are entitled to exemption from backup withholding, including corporations, financial institutions and certain foreign shareholders if such foreign shareholders submit a statement, signed under penalties of perjury, attesting to their exempt status. Certain penalties apply for failure to furnish correct information and for failure to include reportable payments in income. Each shareholder should consult such shareholder's own tax advisor as to its qualification for exemption from backup withholding and the procedure for obtaining such exemption.

All shareholders who are U.S. persons exchanging shares of Entertainment Publications common stock pursuant to the merger should complete and sign the main signature form and the Substitute Form W-9 included as part of the letter of transmittal, when provided following the completion of the merger, to provide the information and certification necessary to avoid backup withholding (unless an applicable exemption exists and is proved in a manner satisfactory to USA and the exchange agent).

Tax matters are very complicated, and the tax consequences of the merger to each Entertainment Publications shareholder will depend on the facts of that shareholder's particular situation. The United States federal income tax discussion set forth above does not address all United States federal income tax consequences that may be relevant to a particular Entertainment Publications shareholder in light of the shareholder's individual circumstances and may not be applicable to shareholders in special situations. You are urged to consult your own tax advisors regarding the specific tax consequences of the merger, including tax return reporting requirements, the applicability of federal, state, local and foreign tax laws and the effect of any proposed changes in the tax laws.

Appraisal Rights

Under Michigan law, shareholders of Entertainment Publications do not have appraisal rights in connection with the merger.

Voting Agreement

USA has entered into a voting agreement with the Company Principal Shareholders who hold, in the aggregate, approximately 78.3% of the outstanding shares of Entertainment Publications common stock as of November 20, 2002. Pursuant to the voting agreement, these shareholders have agreed, among other things, to vote their shares in favor of the merger at the shareholders meeting to be called by Entertainment Publications to approve the merger.

Regulatory Approvals Required for the Merger

Except as we have described in this prospectus, other than filings that are required under the HSR Act, the Securities Act and the Exchange Act, we are not aware of any material regulatory filings or approvals required prior to completing the merger. We intend to make all required filings under the HSR Act, the Securities Act and the Exchange Act in connection with the merger.

Accounting Treatment for the Merger

The merger will be accounted for by USA under the purchase method of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, the cost to acquire shares of Entertainment Publications common stock and outstanding stock options in excess of the carrying value of Entertainment Publications' assets and liabilities will be allocated on a pro rata basis

to Entertainment Publications' assets and liabilities based on their fair values, with any excess being allocated to goodwill and any identified intangible assets.

Resale of USA Common Stock

Shares of USA common stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act, except for shares of USA common stock issued to any Entertainment Publications shareholder that is, or is expected to be, an "affiliate" of USA or Entertainment Publications for purposes of Rule 145 under the Securities Act. Persons that may be deemed to be "affiliates" of USA or Entertainment Publications for such purposes generally include individuals or entities that control, are controlled by, or are under common control with, USA or Entertainment Publications, respectively, and will include the directors of USA and Entertainment Publications, respectively. The merger agreement requires each of Entertainment Publications' affiliates to execute a written agreement with USA to the effect that such affiliate will not transfer any shares of USA common stock received as a result of the merger, except pursuant to an effective registration statement under the Securities Act or in a transaction not required to be registered under the Securities Act.

USA will file a registration statement on Form S-3 with respect to the resale of the shares of USA common stock to be issued in the merger to the shareholders and optionholders of Entertainment Publications that are party to the registration rights agreement. See "Registration Rights Agreement."

The registration rights agreement also contains restrictions on the resale of the shares of USA common stock to be issued in the merger that are applicable to the shareholders and optionholders of Entertainment Publications that are party to the registration rights agreement. See "Registration Rights Agreement."

This prospectus does not cover resales of shares of USA common stock received by any person in connection with the merger, and no person is authorized to make any use of this prospectus in connection with any resale of shares of USA common stock.

MATERIAL CONTACTS WITH ENTERTAINMENT PUBLICATIONS

Other than the merger described herein (including the initial merger discussions between Ticketmaster and Entertainment Publications), there are no past, present or proposed material contracts, arrangements, understandings, relationships, negotiations or transactions since January 1, 2001 between USA and its affiliates, on the one hand, and Entertainment Publications and its affiliates, on the other hand, such as those concerning: a merger, consolidation or acquisition; a tender offer or other acquisition of securities; an election of directors; or a sale or other transfer of a material amount of assets.

INTERESTS OF CERTAIN PERSONS IN THE MERGER

You should be aware that, as described below, some of the executive officers of Entertainment Publications may have interests in the merger that may be different from, or in addition to, the interests of the other shareholders of Entertainment Publications generally. USA has been advised that the board of directors of Entertainment Publications was aware of these interests and considered them, among other matters, in approving the merger, the merger agreement and the transactions contemplated by the merger agreement. At the close of business on December 1, 2002, executive officers of Entertainment Publications beneficially owned approximately 0.65% of the outstanding shares of Entertainment Publications common stock and 0.60% of the fully-diluted shares of Entertainment Publications common stock.

Management Investment in Surviving Corporation

Four members of Entertainment Publications management team (Messrs. Alan Bittker, Kevin Petry and Karl Hawes and Ms. Marian Roberge) will exchange a total of 67,996 shares of Entertainment Publications common stock they hold (the "Management Rollover Shares") for shares of Class B common stock of the surviving corporation in the merger. Each shareholder will be entitled to receive, in respect of the Management Rollover Shares held by the management team member as of the effective time, a number of shares of surviving corporation Class B common stock equal to the product of (i) the number of Management Rollover Shares held as of the effective time multiplied by (ii) 0.0006036. In addition, four additional members of the Entertainment Publications management team (Messrs. Ed Stassen, Yosi Heber, Steven Loos and Terry Clark) will invest a total of $450,000 of cash in shares of Class B common stock of the surviving corporation. In the aggregate, these eight members of the management team will receive shares representing 0.40% of the outstanding stock of the surviving corporation. The investment by the members of the management team in the Class B common stock of the surviving corporation has been valued on approximately the same per share basis as the merger consideration to be paid by USA in the merger for the non-Management Rollover Shares, after taking into consideration the estimated adjustments to the merger consideration pursuant to the merger agreement. The Class B common stock will not be entitled to vote on any matter presented to the shareholders of the surviving corporation. The Management Rollover Shares and the investments are governed by the merger agreement and a stock purchase and shareholders agreement entered into by the eight members of the management team, Entertainment Publications and USA on November 20, 2002.

Employment Arrangements

In connection with the execution of the merger agreement, Entertainment Publications entered into new employment agreements which will become effective as of the closing of the merger, with Alan Bittker, President and Chief Executive Officer; Yosi Heber, Chief Marketing Officer; Steven Loos, Chief Information Officer; Kevin Petry, Executive Vice President; Marian Roberge, Executive Vice President; and Ed Stassen, Chief Financial Officer. These new employment agreements will supercede the existing employment agreements between these executives and Entertainment Publications. The terms of the agreements provide for an initial employment term of at least two years from the date of consummation of the merger. The employment agreements also require USA to grant a specified number of shares of restricted USA common stock to each person upon the consummation of the merger.

Employee Bonuses

Concurrent with the effective time, certain employees and officers of Entertainment Publications will be paid cash bonuses, in an amount not to exceed $2,650,000 in the aggregate for past services.

Indemnification and Insurance

The merger agreement includes provisions relating to indemnification and insurance for directors and officers of Entertainment Publications. See "The Merger Agreement—Covenants—Indemnification; Insurance."

Voting Agreement

USA has entered into a voting agreement with the Company Principal Shareholders who hold, in the aggregate, approximately 78.3% of the outstanding shares of Entertainment Publications common stock as of November 20, 2002. Pursuant to the voting agreement, these shareholders have agreed, among other things, to vote their shares in favor of the merger at the shareholders meeting to be called by Entertainment Publications to approve the merger.

Fee Payable to T.C. Group, L.L.C.

In connection with the consummation of the merger, a customary advisory fee in the amount of 1% of the transaction value will be paid to T.C. Group, L.L.C., an affiliate of Entertainment Publications and the Company Principal Shareholders. The fee will reduce the merger consideration otherwise payable pro rata to the shareholders and optionholders of Entertainment Publications as discussed below in "The Merger Agreement—Treatment of Securities in the Merger—Cash Merger Consideration."

THE MERGER AGREEMENT

This section of the prospectus describes certain aspects of the merger agreement and the proposed merger. The following description does not purport to be complete and is qualified in its entirety by reference to the merger agreement, which has been filed as an exhibit to the registration statement of which this

prospectus forms a part and is incorporated herein by reference. We urge Entertainment Publications shareholders to read the merger agreement carefully in its entirety.

General Terms of the Merger Agreement

On November 20, 2002, USA, Entertainment Publications, Red Wing, Inc. and Carlyle-EPI Partners, L.P., entered into an Agreement and Plan of Merger, or the merger agreement. The merger provided for by the merger agreement will become effective upon the filing of a properly executed certificate of merger by the Michigan Department of Consumer and Industry Services in accordance with the Michigan Business Corporation Act, or the MBCA. We refer to the effective time of the merger in this document as the effective time.

At the effective time, Red Wing, Inc. will be merged with and into Entertainment Publications, with Entertainment Publications surviving as a subsidiary of USA. We sometimes refer to Entertainment Publications following the completion of the merger as the surviving corporation. At the effective time, the separate existence of Red Wing, Inc. will cease. At the effective time, the articles of incorporation and the bylaws of Red Wing, Inc., which will be amended at the effective time, will become the articles of incorporation and bylaws, respectively, of Entertainment Publications. Also at the effective time, the officers and directors of Red Wing, Inc. will become the initial officers and directors of the surviving corporation.

Merger Consideration

The merger consideration payable by USA in connection with the merger is $184,507,500 in cash and USA common stock valued at $184,507,500 (in each case, subject to adjustment, as discussed below). Each of the cash merger consideration and the stock merger consideration will be allocated *pro rata* among the shareholders of Entertainment Publications (other than with respect to the Management Rollover Shares) and the optionholders of Entertainment Publications who have returned a properly executed holder acknowledgment prior to the effective time. For the shareholders of Entertainment Publications, the allocation will be based on the number of shares of Entertainment Publications common stock held by the shareholders (other than with respect to any management rollover shares). For the optionholders of Entertainment Publications, the allocation will be based on the net number of shares of Entertainment Publications common stock into which the options held by the optionholders are exercisable, taking into account the amount of the exercise price on such options. Alternatively, USA may elect to pay all of the stock merger consideration otherwise payable to the optionholders of Entertainment Publications in cash without affecting the amount of stock merger consideration otherwise payable to the shareholders of Entertainment Publications.

At the closing, USA will deposit $20 million of the cash merger consideration otherwise payable to the shareholders and optionholders of Entertainment Publications with the Bank of New York, in its capacity as escrow agent. The $20 million of cash consideration deposited in escrow will be withheld on a pro rata basis from the cash merger consideration payable to the Entertainment Publications shareholders and optionholders. The escrow agent will hold the escrow amount and make payments from the escrow in accordance with the terms of an escrow agreement to be entered into by the escrow agent, USA and the holder representative. See "—Indemnification; Escrow.

Cash Merger Consideration

The cash merger consideration of $184,507,500 will be reduced by the following amounts: (i) any indebtedness of Entertainment Publications outstanding at the effective time, including prepayment premiums (less 60% of estimated cash and cash equivalents of Entertainment Publications as of December 20, 2002), (ii) expenses incurred by Entertainment Publications in connection with the merger in excess of $200,000 (including the fee payable to T.C. Group, L.L.C.) and (iii) the employee bonuses described in "Interests of Certain Persons in the Merger—Employee Bonus Amount" above, including payroll taxes payable by the surviving corporation in connection therewith. Based on information provided by Entertainment Publications, USA estimates the aggregate amount of reductions will be $115,344,000.

Stock Merger Consideration

The number of shares of USA common stock comprising the stock merger consideration will be calculated on the date prior to closing date and will be equal to $184,507,500 divided by the average trading price of USA common stock for the five-day trading period ending on the date prior to the closing date. USA may elect to pay all or a portion of the stock merger consideration in cash and reduce the aggregate consideration payable, if USA makes such an election, (i) the stock merger consideration will be decreased by an amount equal to the number of shares of USA common stock that USA has elected to pay in cash multiplied by the average trading price of USA common stock for the five-day trading period ending on the date prior to the closing date and (ii) the cash merger consideration will be increased by the amount by which the stock merger consideration is decreased pursuant to clause (i) multiplied by 0.94847093.

Treatment of Securities in the Merger

Entertainment Publications Shares

At the effective time, each share of Entertainment Publications common stock issued and outstanding immediately prior to the effective time (other than the Management Rollover Shares) will be automatically converted into the right to receive a portion of the merger consideration calculated as described above. See "Interests of Certain Persons in the Merger—Management Rollover Shares" for a description of the treatment of the Management Rollover Shares.

At the effective time, each outstanding share of Red Wing, Inc. common stock, will be automatically converted into 29.917916 shares of validly issued, fully paid and nonassessable shares of Class A common stock of the surviving corporation, or surviving corporation Class A common stock. Because USA is the sole holder of all shares of Red Wing, Inc. common stock, USA will be the sole holder of all outstanding shares of surviving corporation Class A common stock. Shares of surviving corporation Class A common stock will generally entitle their holder to one vote for each such share on all matters submitted for the vote or consent of surviving corporation shareholders.

Management Rollover Shares

Four members of Entertainment Publications management team will exchange the Management Rollover Shares that they hold for shares of Class B common stock of the surviving corporation in the merger. Each such shareholder will be entitled to receive, in respect of the Management Rollover Shares held by the management team member as of the effective time, a number of shares of surviving corporation Class B common stock equal to the product of (i) the number

of Management Rollover Shares held as of the effective time multiplied by (ii) 0.0006036. See "Interests of Certain Persons in the Merger—Management Investment in Surviving Corporation."

Entertainment Publications Stock Options

Pursuant to the Entertainment Publications stock option plan and action of Entertainment Publications' board of directors, upon the giving of at least 30 days' prior notice of the change of control associated with the consummation of the merger to the optionholders of Entertainment Publications, all outstanding options will become fully vested and exercisable immediately prior to the effective time and will terminate if not exercised prior to the effective time. Entertainment Publications has given the appropriate notice to each of the optionholders of Entertainment Publications of the change of control that will occur upon the consummation of the merger. Pursuant to the merger agreement, USA has agreed to pay optionholders of Entertainment Publications who return a properly executed holder acknowledgment prior to the effective time their share of the merger consideration, calculated as described above. Optionholders who do not return the holder acknowledgment may exercise their options prior to the effective time and have the shares of Entertainment Publications common stock they receive upon exercise be converted into the right to receive their share of the merger consideration payable to holders of common stock, which shall be the same as the amount paid to optionholders who return a properly executed holder acknowledgment prior to the effective time. If an optionholder neither delivers a holder acknowledgment nor exercises options prior to the effective time, the options will terminate at the closing of the merger without a right to receive any merger consideration.

Exchange of Certificates

Exchange Agent

USA's transfer agent will be the exchange agent under the merger agreement. The exchange agent will accept certificates for shares of Entertainment Publications common stock and/or a holders acknowledgment relating to options to purchase shares of Entertainment Publications common stock and exchange them for cash, certificates representing shares of USA common stock and cash instead of fractional shares of USA common stock. As discussed above, USA may elect, in its sole discretion to pay all or a portion of the stock merger consideration in cash.

Exchange Procedures

At or prior to the effective time, the exchange agent will mail to each holder of record of Entertainment Publications common stock a letter of transmittal and instructions for exchanging their Entertainment Publications certificates for the merger consideration. After receipt of the transmittal forms, each holder of Entertainment Publications common stock will be able to surrender his or her Entertainment Publications stock certificate to the exchange agent, and the holder of an Entertainment Publications stock certificate will receive in exchange, cash, certificates representing that number of whole shares of USA common stock to which the holder of the Entertainment Publications certificate is entitled, any cash which may be payable instead of fractional shares of USA common stock and any dividends or other distributions with respect to USA common stock having a record date and paid after the effective time. The consideration to be issued in the merger will be delivered by the exchange agent promptly after the effective time following surrender of an Entertainment Publications stock certificate, a properly completed letter of transmittal and any other required documents. No interest will be payable on the merger consideration, regardless of any delay in making payments.

Prior to the effective time, the exchange agent will mail to each optionholder of Entertainment Publications a letter of transmittal and instructions for delivering a holder acknowledgment prior to the closing date for the merger consideration. After receipt of the transmittal forms, each Entertainment Publications optionholder will be able to deliver a holder acknowledgment to the exchange agent, and if the optionholder delivers a properly completed holder acknowledgment prior to the effective time, the optionholder will receive in exchange, cash, certificates representing that number of whole shares of

USA common stock to which the optionholder is entitled, any cash which may be payable instead of fractional shares of USA common stock and any dividends or other distributions with respect to USA common stock having a record date and paid after the effective time. The consideration to be issued in the merger will be delivered by the exchange agent promptly after the effective time to each optionholder who has previously delivered a holder acknowledgment prior to the closing date and any other required documents. No interest will be payable on the merger consideration, regardless of any delay in making payments.

Dividends and Other Distributions

Shareholders of Entertainment Publications will not be entitled to receive any dividends or distributions payable by USA in respect of USA common stock until they exchange their Entertainment Publications stock certificates for shares of USA common stock. After they deliver their Entertainment Publications stock certificates to the exchange agent, those shareholders will receive, subject to applicable law, the amount of dividends or other distributions, if any, on USA common stock having a record date after the effective time previously paid and, at the appropriate payment date, the amount of dividends or other distributions on USA common stock with a record date after the effective time and a payment date after the surrender of such Entertainment Publications stock certificates, without interest.

Optionholders of Entertainment Publications will not be entitled to receive any dividends or distributions payable by USA in respect of USA common stock unless they deliver a holder acknowledgment to the exchange agent prior to the closing date. After they deliver their holder acknowledgment to the exchange agent prior to the closing date, those optionholders will receive, subject to applicable law, the amount of dividends or other distributions, if any, on USA common stock having a record date after the effective time previously paid and, at the appropriate payment date, the amount of dividends or other distributions on USA common stock with a record date after the effective time and a payment date after the delivery of such holder acknowledgment, without interest.

Cash Instead of Fractional Shares

No fractional shares of USA common stock will be issued upon the surrender of Entertainment Publications stock certificates or holder acknowledgments. No dividend or distribution will relate to any fractional share of USA common stock that would otherwise be issuable in the merger, and those fractional shares of USA common stock will not entitle the owner thereof to any voting rights of a USA stockholder.

Shareholders and optionholders of Entertainment Publications otherwise entitled to fractional shares of USA common stock, if any, will receive a cash payment instead of the fractional shares of USA common stock they would otherwise be entitled to upon surrender of all of their Entertainment Publications certificates.

Management Rollover Shares

Promptly after the effective time, the surviving corporation shall issue certificates for the surviving corporation Class B common stock to the holders of management rollover shares upon surrender of the certificates representing such management rollover shares.

Miscellaneous

None of the exchange agent, USA, Red Wing, Inc. or Entertainment Publications will be liable to any shareholder or optionholder of Entertainment Publications for any amount delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

If an Entertainment Publications stock certificate has been lost, stolen or destroyed, the exchange agent will issue the cash, USA common stock, cash instead of fractional shares of USA common stock and unpaid dividends and distributions on shares of USA common stock payable under the merger agreement upon receipt of an affidavit with respect to that loss, theft or destruction and a reasonable indemnity.

The exchange agent may deduct and withhold a portion of the cash merger consideration otherwise payable to any shareholder or optionholder of Entertainment Publications to be placed into escrow, as discussed below, or if it is required to do so by United States federal, state or local, or any foreign, tax law.

Holder Representative

Pursuant to the merger agreement, Carlyle-EPI Partners, L.P. has agreed to act as the representative to act on behalf of the shareholders and optionholders of Entertainment Publications for certain limited purposes as specified in the merger agreement. Approval of the merger agreement by the required vote of the shareholders of Entertainment Publications, and the execution and delivery of a holder acknowledgment by any optionholder of Entertainment Publications, as applicable, constitutes ratification and approval of such designation on behalf of all shareholders and each such optionholder of Entertainment Publications, as applicable. The holder representative has full power, authority and discretion to estimate, determine and pay the expenses of Entertainment Publications in excess of $200,000 (the first $200,000 will be paid by Entertainment Publications) on behalf of the shareholders and optionholders of Entertainment Publications, to enforce all the indemnification rights and remedies conferred on the shareholders and optionholders of Entertainment Publications and make determinations with respect to indemnification obligations of the shareholders and optionholders, to agree on payments to be made out of the escrow account pursuant to the escrow agreement and to agree to the determination of the post-closing adjustments described below.

Post-Closing Adjustments

Under certain circumstances, additional cash merger consideration may be payable from USA to the shareholders and optionholders of Entertainment Publications after the effective time. The timing and amount of any additional payments cannot be determined at this time, but the amounts will be based on the amount of cash and working capital of Entertainment Publications as of December 20, 2002. The holder representative will settle any disputes with USA related to the calculations of cash and cash equivalents and working capital of Entertainment Publications as of December 20, 2002 and the related cash payments resulting therefrom, as provided in the merger agreement. More specifically, if the cash and cash equivalents held by Entertainment Publications as of December 20, 2002 as finally determined by USA and the holder representative (up to a maximum of $29 million) exceed 60% of the estimated cash and cash equivalents held by Entertainment Publications as of December 20, 2002, as estimated as of the closing date, then such excess will be distributed to the shareholders and optionholders of Entertainment Publications pro rata after the closing date. Any such payment will be reduced or increased, as applicable, by the amount, if any, that the working capital of Entertainment Publications as of December 20, 2002, as finally determined by USA and the holder representative after the closing, is less than or more than, as applicable, an agreed-upon target amount of working capital, less $250,000; provided that such amount will only be increased if the cash and cash equivalents of Entertainment Publications as of December 20, 2002, as finally determined, is less than $29 million. The agreed-upon target amount of working capital as of December 20, 2002 shall be calculated based on a linear interpolation of the working capital of Entertainment Publications between November 30, 2002 and December 31, 2002, both as finally determined by USA and the holder representative.

The merger agreement sets forth the procedures and dispute resolution mechanics that USA and the holder representative will follow to finally determine the cash and working capital of Entertainment

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Publications as of December 20, 2002. In general, depending on the actual closing date, either USA or the holder representative will be responsible for preparing the different statements of cash and/or working capital of Entertainment Publications to determine such amounts as of December 20, 2002. The recipient of any such statement will then have an opportunity to review such statement, in conjunction with its independent certified public accountants, and to object to such statement. If USA and the holder representative cannot resolve any such objections among themselves within a prescribed time period, then an independent certified public accountant shall be engaged to resolve any remaining objections. The determination of the independent certified public accountant shall be binding on USA and the holder representative and the fees and expenses of the independent certified public accountant shall be paid half by USA and half by the holder representative.

Indemnification; Escrow

In the merger agreement, each of USA, on the on hand, and the shareholders and optionholders of Entertainment Publications, on the other, has agreed to indemnify the other, generally for a one-year period following closing, from any damage or expense (with certain exceptions and limitations) that may arise out of a breach of the representations, warranties, covenants and agreements of the merger agreement. The obligations of the Entertainment Publications shareholders and optionholders to indemnify USA for breaches related to taxes exist for a three-year period following closing. These indemnification obligations are subject to certain adjustments relating to (1) the amount of tax savings as a result of the incurrence of any damage, and (2) any amount recovered by each from certain insurers or third parties liable for such damage.

In addition, any indemnified party under the merger agreement is only entitled to indemnification when the aggregate of any damages (other than breaches related to tax matters, breaches related to the valid authorization and issuance of the USA common stock and failure to deliver the cash consideration) exceeds $3 million and then only to the extent of any such excess. USA is only entitled to indemnification for breaches related to tax matters when the aggregate of any damages related to breaches of tax representations exceeds $1 million and then only to the extent of any excess. The maximum amount that either USA or the shareholders and optionholders of Entertainment Publications are obligated to indemnify the other for under the merger agreement is $20 million, except that USA's maximum indemnification liability for breaches of representations and covenants related to the valid authorization and issuance of the USA common stock to be issued in the merger is $184,507,500 (or, if less, the amount of the stock consideration component of the merger consideration) and USA's maximum indemnification liability for failure to deliver any of the cash consideration is the amount of the cash consideration not delivered. In the case of USA, any indemnification payments received pursuant to the terms of the merger agreement will be paid entirely from the escrow.

Representations and Warranties

In the merger agreement, Entertainment Publications, USA and Red Wing, Inc. make representations and warranties to each other about their respective companies related to, among other things:

- corporate organization and qualification to do business;
- capitalization;
- corporate authority to enter into, and carry out the obligations under, the merger agreement and the enforceability of the merger agreement;
- approval of the merger agreement by Entertainment Publications' board of directors, the executive committee of USA's board of directors and the board of directors of Red Wing, Inc.;

- absence of a breach of organizational documents, laws or material agreements as a result of the merger agreement and the merger;
- required governmental consents and approvals;
- payment of fees to finders, brokers or investment bankers in connection with the merger; and
- absence of undisclosed litigation.

Entertainment Publications also made additional representations and warranties to USA and Red Wing, Inc. related to, among other things:

- subsidiaries and their corporate organization, qualifications to do business and capitalization;
- employee benefit plans;
- labor relations;
- compliance with laws;
- absence of specified transactions with certain persons as contemplated by the merger agreement;
- financial statements and financial information;
- material contracts and the absence of default with respect to material contracts;
- absence of certain changes in the operations of the business of Entertainment Publications;
- owned real property and leased real property;
- tax matters;
- existing bank accounts;
- title to assets;
- intellectual property;
- environmental matters;
- governmental licenses, permits and authorizations;
- insurance policies;
- accounts receivables;
- absence of unlawful business practices; and
- the accuracy of book-keeping and record-keeping practices.

USA and Red Wing, Inc. also made additional representations and warranties to Entertainment Publications related to, among other things:

- USA has, and shall cause Red Wing, Inc. to have, the financial resources necessary to consummate the transactions contemplated by the merger agreement;

- documents filed with the SEC and the financial statements included in those documents; and

- the registration statement on Form S-4, of which this prospectus forms a part.

The representations and warranties given by Entertainment Publications, USA and Red Wing, Inc. survive the consummation of the merger. See "—Indemnification; Escrow."

Covenants

The merger agreement contains customary covenants as well as specific covenants relating to the conduct of the respective parties' businesses pending completion of the merger.

Covenants of Entertainment Publications

Conduct of Business Prior to the Merger

Entertainment Publications has agreed (as to itself and its subsidiaries) that, prior to the consummation of the merger or termination of the merger agreement, except as contemplated by the merger agreement, Entertainment Publications and its subsidiaries will conduct their respective businesses in the ordinary and usual course consistent with past practice, and will use their reasonable efforts not to take any action inconsistent with the merger agreement. In addition, among other things and subject to certain exceptions, Entertainment Publications has agreed (as to itself and its subsidiaries) that, without USA's prior consent, it will not take any of the following actions prior to the completion of the merger or the termination of the merger agreement:

- set aside, declare or pay any dividends or make other distributions (other than any dividend or other distribution made by any subsidiary of Entertainment Publications to Entertainment Publications or another subsidiary);

- split, combine or reclassify its capital stock;

- make any restricted payments to its officers, directors, shareholders or affiliates or repurchase, redeem or otherwise acquire any of its outstanding shares of capital stock or other equity securities or ownership interests;

- issue, deliver or sell any stock of any class or any debt or equity securities or equity equivalents, or issue or grant any stock appreciation rights stock or other options to acquire any debt or equity securities;

- amend its articles of incorporation, bylaws or other organizational documents except as required by law;

- adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization other than the merger agreement, or otherwise permit its corporate existence, to be suspended, lapsed or revoked;

- incur any indebtedness or assume, endorse or guarantee any indebtedness except for borrowings under Entertainment Publications' current revolving line of credit in the ordinary course;

- mortgage, pledge, or otherwise encumber any of its material assets or material properties, sell, assign, transfer, convey, lease or otherwise dispose of any material assets or material properties except, in each case, in the ordinary course of business;

- acquire by merger or consolidation with, or merge or consolidate with, or purchase substantially all of the assets of, or otherwise acquire any material assets or business of any corporation, partnership, association or other business organization or division thereof;

- make or change any material election with respect to taxes, enter into any closing agreement, settle any claim or assessment in respect of taxes, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of taxes;

- make any material investment of a capital nature either by purchase of stock or securities of, or contributions to capital to, any other person;

- make any material loans or material advances to any partnership, firm, corporation, or except for expenses in the ordinary course of business, to any individual;

- enter into any contract that would have been deemed a material contract if effective as of November 20, 2002 or extend, materially modify, terminate or renew any existing material contract except in the ordinary course of business;

- make any change not required by generally accepted accounting principles or GAAP in any method of accounting or accounting practice or revalue any assets, including writing down the value of inventory or writing off notes or accounts receivable;

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except as otherwise required by law, take any action with respect to the grant of any employee compensation, severance or termination pay (other than pursuant to policies or agreements in effect as of November 20, 2002) which will become due and payable on or after the effective time; hire or terminate the employment of any employee whose annual cash compensation exceeds $100,000 per year; or adopt or enter into or make any material change to any benefit plan;

- make any loans to officers of Entertainment Publications or its subsidiaries, other than ordinary course travel and relocation advances and draws on future commissions consistent with past practice;
- settle or compromise any pending litigation or other disputes or proceedings for more than $25,000 individually or $200,000 in the aggregate; or
- authorize or enter into any contract, agreement, commitment, action or arrangement to do any of the foregoing.

Inspection

Subject to confidentiality obligations applicable to information furnished to Entertainment Publications or any of its subsidiaries by third-parties that is in Entertainment Publications or any of its subsidiaries possession, Entertainment Publications has agreed to, and shall cause its subsidiaries to, afford to USA and its representatives reasonable access to information with respect to their operations.

Between November 20, 2002 and the effective time of the merger, Entertainment Publications has agreed to furnish USA with an unaudited consolidated balance sheet as of the end of each such month and the related statements of operations and cash flows, and an unaudited consolidated balance sheet as of the end of each such quarter and the related statements of operations, stockholders' equity (deficit) and cash flows for the quarter then ended. The quarterly financial statements shall be prepared in accordance with GAAP applied on a consistent basis throughout the periods covered and in a manner consistent, in all material respects, with the preparation of the audited financial statements, subject to the absence of footnotes and normal year-end adjustments.

No Solicitation

The merger agreement contains a no-solicitation covenant, which prohibits Entertainment Publications from engaging in discussions or negotiations regarding any takeover proposal (as defined below). In accordance with the covenant, Entertainment Publications has agreed that it will not, nor will Entertainment Publications permit any of its subsidiaries or principal shareholders to, authorize or permit any officer, director or employee of, or any financial advisor, attorney or other advisor or representative of, Entertainment Publications or any of its subsidiaries to:

- solicit, initiate or knowingly encourage the submission of, any takeover proposal;
- enter into any agreement with respect to or approve or recommend, any takeover proposal; or
- participate in any discussions or negotiations regarding, or furnish to any person any information with respect to Entertainment Publications or any subsidiary in connection with, or take any other action to knowingly facilitate the making of any proposal that constitutes, or may reasonably be expected to lead to, any takeover proposal.

A takeover proposal is any proposal for a merger, tender offer or other business combination involving Entertainment Publications or any of its subsidiaries or any proposal or offer to acquire in any manner, directly or indirectly, an equity interest in, any voting securities of, or a substantial portion of the assets of Entertainment Publications or any of its subsidiaries, other than the transactions contemplated by the merger agreement.

Entertainment Publications will promptly advise USA orally and in writing of:

- any takeover proposal or any inquiry with respect to a potential takeover proposal that is received by, or communicated to any of its officers or directors, or to the knowledge of Entertainment Publications, any financial advisor, attorney or other advisor or representative of Entertainment Publications or any other shareholder;
- the material terms of such takeover proposal (including a copy of any written proposal); and
- the identity of the person making any such takeover proposal.

In addition, Entertainment Publications will use commercially reasonable efforts to keep USA fully informed of the status and details of any such takeover proposal or inquiry.

Australian Joint Venture

Entertainment Publications will negotiate to sell its shares in Entertainment Publications Limited and Entertainment Publications of Australia Pty Ltd., subject to the approval of USA of the terms of, and documents governing, the transaction.

Entertainment Publications Shareholders' Meeting

Entertainment Publications has agreed to call and hold a meeting of its shareholders for the purpose of voting upon the approval of the merger and merger agreement, as well as the appointment of Carlyle-EPI Partners, L.P., as the initial holder representative, as soon as practicable after the date on which the registration statement on Form S-4, of which this prospectus forms a part, is declared effective. Entertainment Publications will provide USA with a draft of the proxy statement relating to the shareholders' meeting prior to the time it is mailed to shareholders of Entertainment Publications and make any modifications to the proxy statement as reasonably requested by USA. In addition, Entertainment Publications has agreed to promptly notify USA when the date has been set for Entertainment Publications shareholders' meeting, of the date on which Entertainment Publications mails a proxy statement to its shareholders in connection with the shareholders' meeting and when the merger has been approved by the affirmative vote of the shareholders at shareholders' meeting.

Covenants of USA

Nasdaq Delisting

Between November 20, 2002 until the effective date, USA has agreed not to take any affirmative action to cause the USA common stock to be delisted from the NASDAQ National Market, unless at that time, the USA common stock has been approved for listing on the New York Stock Exchange.

Indemnification; Insurance

From and after the effective time, USA has agreed that it will cause the surviving corporation to continue to indemnify and hold harmless each present and former director and officer of Entertainment Publications or any of its subsidiaries against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, arising out of or pertaining to matters existing or occurring at or prior to the effective time, whether asserted or claimed prior to, at or after the effective time, to the fullest extent that Entertainment Publications or any of its subsidiaries would have been permitted under Michigan state law and its charter or by-laws in effect on November 20, 2002 to indemnify such person; *provided* that any person to whom expenses are advanced provides an undertaking to the surviving corporation to repay such advances if it is ultimately determined that such person is not entitled to indemnification.

USA has agreed to provide, or to cause the surviving corporation to provide, for a period of not less than six years after the effective time, Entertainment Publications' current and former directors and officers who are currently covered by Entertainment Publications' existing insurance and indemnification policy with an insurance and indemnification policy that provides coverage for events occurring at or prior to the effective time that is not materially less favorable than the existing policy (it being understood that USA currently self-insures for legally indemnifiable claims and maintains liability insurance solely for claims not so indemnifiable or in circumstances in which USA cannot provide indemnification and USA shall be entitled to do the same for the coverage contemplated by the merger agreement), or, if substantially equivalent insurance coverage is unavailable, the most advantageous insurance obtainable for an annual premium equal to no more than 150% of the annual premium currently in place for Entertainment Publications for such insurance.

Employee Benefit Matters

Until December 31, 2003, USA has agreed to cause the surviving corporation to maintain for full-time employees the employee benefits and benefit levels under Entertainment Publications non-compensation benefit plans, in a manner not materially less favorable than under such plans, as in effect on November 20, 2002. To the extent USA does not maintain the benefit plans in effect prior to the effective time, USA has agreed to afford the participants of the plans, among other things, eligibility and vesting, credit for amounts paid for the purposes of applying co-pays, deductibles and out-of-pocket maximums.

Indebtedness

USA has agreed, at the effective time, to repay any then-outstanding indebtedness, including accrued interest and prepayment premiums, of Entertainment Publications. Prior to the effective time, Entertainment Publications will cooperate with USA and any applicable lenders in connection with any arrangements proposed by USA for the repayment of such indebtedness.

Employee Bonuses

USA has agreed, at the effective time, to pay on behalf of Entertainment Publications the employee bonuses, subject to any taxes required to be withheld from such employee bonuses under applicable law. The cash merger consideration will be reduced by the amount of such payment. See "Interests of Certain Persons in the Merger—Employee Bonuses

Registration

USA has agreed to prepare and file with the SEC the registration statement on Form S-4 of which this prospectus forms a part and to use all reasonable efforts to have it declared effective as promptly as practicable after such filing. Entertainment Publications has agreed to provide USA with all information concerning Entertainment Publications and its subsidiaries as required by the SEC in connection with the preparation of such registration statement. USA has agreed to provide copies of each amendment or supplement to such registration statement and to make any modification thereto reasonably requested by Entertainment Publications. USA also has agreed to cause the USA common stock to be issued in the merger to be listed on each securities exchange or quotation system on which the USA common stock is listed at the effective time.

Registration Rights Agreement

USA has agreed to permit each shareholder and each optionholder, who has previously or concurrently therewith returned a properly executed holder acknowledgement, to become a party to the registration rights agreement, thereby agreeing to cooperate with the investment advisor designated by USA, during the period commencing on the date of Entertainment Publications shareholders' meeting (after the merger has been approved on such date) and ending on the date that is three (3) trading days thereafter. See "Registration Rights Agreement."

Additional Covenants

Entertainment Publications, USA and Red Wing, Inc. have agreed to other customary covenants in the merger agreement, including, among other things, with respect to:

- confidentiality of information provided the parties in connection with the merger agreement and the transactions contemplated thereby;
- access to information;
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support of the transaction, including the taking of specified actions to facilitate completion of the merger and the other transactions contemplated by the merger agreement;

- the obtaining of any consents or approvals necessary in order to complete the merger and the other transactions contemplated by the merger agreement;

- notification to the other parties to the merger agreement of specified matters prior to completion of the merger;

- reasonable cooperation in any legal proceeding contesting the merger;

- provision of updated, corrected and supplemental information, not earlier than ten (10) and not less than five (5) days before the scheduled closing date;

- compliance with the terms of the registration rights agreement; and

- authorization of the officers of the surviving corporation to take all lawful, necessary further action after the effective time of the merger, as required or desirable to vest the surviving corporation with full right, title and possession to all properties, interests, assets, rights,

privileges, immunities, powers and franchises of either of Entertainment Publications and Red Wing, Inc., as the constituent corporations.

Hart-Scott-Rodino Act and Foreign Antitrust Approvals

Each of the parties has agreed to cooperate in the preparation of any filings that may be required under the HSR Act and any filings required under similar merger notification laws or regulations of foreign governmental authorities. Each party has agreed to use commercially reasonable efforts to obtain early termination of the waiting period under the HSR Act and to comply substantially with any additional requests for information, including requests for production of documents and production of witnesses for interviews or depositions, by any antitrust authority.

USA and Entertainment Publications have agreed to consult and cooperate with one another, and consider in good faith the views of one another, in connection with any analyses, appearances, presentations, letters, white papers, memoranda, briefs, arguments, opinions or proposals made or submitted by or on behalf of the parties in connection with proceedings under or relating to the HSR Act or any other foreign, federal, or state antitrust, competition, or fair trade law. In connection therewith, USA and Entertainment Publications shall not, however, be required to (i) sell or hold separate, or agree to sell or hold separate, before or after the effective time, any assets, businesses or any interests in any assets or businesses, of USA, Entertainment Publications or any of their respective affiliates (or to consent to any sale, or agreement to sell, by USA or Entertainment Publications, of any assets or businesses, or any interests in any assets or businesses), or any material change in or restriction on the operation by USA or Entertainment Publications of any assets or businesses or (ii) enter into any agreement or be bound by any obligation that, in USA's good faith judgment, may be reasonably expected to have an adverse effect on the benefits to USA of the transactions contemplated by the merger agreement.

Conditions to the Merger

The respective obligations of USA, Red Wing, Inc. and Entertainment Publications to effect the merger are subject to the satisfaction or waiver of a number of customary conditions before completion of the merger, including, among other things:

- the approval of the shareholders of Entertainment Publications of the merger agreement and the merger;

- the registration statement on Form S-4 covering the shares of USA common stock to be issued in the merger, of which this prospectus is a part, having been declared effective by the SEC and continuing to be effective on the closing date; all other material permits, approvals and consents of, or declarations or filings with, or expiration of waiting periods imposed by, any governmental entity necessary for the completion of the merger having been filed, expired or been obtained;

- there being no order or decree, statute, rule or regulation or any complaint on file by any governmental entity seeking an order or decree, restraining, enjoining or prohibiting the consummation of the merger which has not thereafter been withdrawn or dismissed, and no notices having been received from any governmental entity that it has determined (i) to institute any suit or proceeding to restrain or enjoin the consummation of the merger, (ii) to nullify or render ineffective the merger agreement if consummated, or (iii) to take any other action which would result in the prohibition, or a material change in the terms, of the merger;

- the representations and warranties of the other party contained in the merger agreement being true and correct as of the closing date, in all respects, in the case of representations and warranties which are subject to materiality or material adverse effect qualifications, and in the

case of representations and warranties not so qualified, except as would not have a material adverse effect on the party making those representations and warranties;

- the performance in all material respects by the other party of its respective obligations and covenants, taken as a whole, required to be performed by such party under the merger agreement and the registration rights agreement prior to or as of the closing date unless, with respect to the registration rights agreement, the merger consideration is comprised solely of cash;

- the receipt of certificates signed by an officer of the other party certifying to the accuracy of such party's representations and warranties and the performance by such party of its obligations, in each case as described above;

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the execution and delivery of the escrow agreement by the other party;

- the receipt of a legal opinion from counsel for the other party;
- the repayment of certain indebtedness of Entertainment Publications by USA and the receipt by USA of the related pay-off acknowledgments and releases and the release of related liens by Entertainment Publications;
- there not being a suspension or material limitation in trading in securities generally on the NASDAQ National Market at any time during the five day trading period immediately preceding the closing date, unless the merger consideration is comprised solely of cash; and
- the registration statement on Form S-3 covering the resale of the shares of USA common stock to be issued in the merger, having been declared effective and continuing to be effective on the closing date, unless the merger consideration is comprised solely of cash.

In addition, the obligations of USA and Red Wing, Inc. to effect the merger are subject to the satisfaction or waiver of the following conditions before completion of the merger, including, among other things:

- the management team of Entertainment Publications having entered into employment agreements, restricted stock agreements and a stock purchase agreement;
- all material consents of third parties, other than governmental entities, necessary for the completion of the merger having been obtained;
- there having been no material adverse effect on Entertainment Publications since November 20, 2002;
- the repayment or cancellation of all loans to employees of Entertainment Publications;
- the termination of the stock appreciation rights plan of Entertainment Publications;
- the termination of shareholders agreements among the shareholders of Entertainment Publications;
- the termination of the Entertainment Publications' management agreement with T.C. Group, L.L.C.;
- the execution and delivery of shareholder representation letters by a minimum percentage of the shareholders of Entertainment Publications;
- there not being a suspension or material limitation in trading in securities generally on the NASDAQ National Market at any time during the five day trading period immediately preceding the closing date, unless the merger consideration is comprised solely of cash; and

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- the execution and delivery of a representation letter by affiliates of Entertainment Publications with respect to the resale of shares of USA common stock received in the merger, unless the merger consideration is comprised solely of cash.

In addition, the obligations of Entertainment Publications to effect the merger are subject to the satisfaction or waiver of the following conditions before completion of the merger, including, among other things:

- USA having paid the employee bonuses and the outstanding indebtedness, including prepayment premiums, of Entertainment Publications, at the closing;
- USA and the surviving corporation, as applicable, having entered into employment agreements, restricted stock agreements and a stock purchase agreement with the management team of Entertainment Publications; and
- the shares of USA common stock issuable pursuant to the merger having been authorized for quotation on the NASDAQ National Market, upon official notice of issuance, unless the merger consideration is comprised solely of cash.

Termination of the Merger Agreement

The merger agreement and all transactions contemplated in connection with the merger may be terminated and abandoned at any time prior to the effective time, whether or not Entertainment Publications shareholders have approved the merger, by:

- mutual written consent;
- by either USA or Entertainment Publications if the merger has not been completed by March 31, 2003 (which will be extended if by that date, either the waiting periods under the HSR Act applicable to the merger shall not have expired or been terminated and/or the registration statement on Form S-4, of which this prospectus forms a part, shall not have been declared effective), but in any event, no later than May 15, 2003, provided that a party cannot terminate the merger agreement if such party's actions or failure to act caused or resulted in the failure of the merger to occur by March 31, 2003 and such actions or failure to act constitute a breach of the merger agreement;
- by either USA or Entertainment Publications if a court of competent jurisdiction or other governmental entity issues an order, decree or ruling (which is final and nonappealable), or takes any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting completion of the merger;
- by either USA or Entertainment Publications if any material governmental or regulatory consent or approval required for consummation of the transactions contemplated hereby is denied by or in a final order or other final action issued or taken by the appropriate governmental authority;

- by either USA or Entertainment Publications if the other party breaches any of its representations, warranties, covenants or agreements contained in the merger agreement such that the conditions relating to the accuracy of that party's representations and the performance of that party's obligations have become incapable of fulfillment, and the breach is either not curable by the continuous exercise of commercially reasonable efforts by the party, during a period of up to 30 days or has not been waived by the party seeking to terminate as a result of such breach; and

- by either USA or Entertainment Publications if USA has not elected to pay the entire amount of the merger consideration in cash, as contemplated by the merger agreement, and USA common stock is not listed on either NASDAQ or the NYSE.

Amendment; Waiver

Amendment

The merger agreement may be amended by an instrument in writing executed in the same manner as, and which makes reference to the merger agreement.

Waiver

Prior to the effective time of the merger, USA, Red Wing, Inc. and Entertainment Publications may, by action taken by their respective boards of directors, an authorized committee thereof, or officers duly authorized, waive any of the terms or conditions of the merger agreement, by an agreement in writing executed in the same manner as the merger agreement. No waiver of any provision of the merger agreement shall constitute a waiver of any other provision, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

Fees and Expenses

All fees and expenses incurred in connection with the merger agreement, whether or not the merger is completed, will be paid by the party incurring those fees and expenses, with the exception the fees and expenses incurred by the holder representative, Carlyle-EPI Partners L.P. In the event the merger is completed, USA will reimburse Carlyle-EPI Partners L.P., in its capacity as the holder representative, for its fees and expenses incurred on behalf of the Entertainment Publications shareholders and optionholders in connection with completing the merger and the affiliated transactions, less $200,000 which will be paid by Entertainment Publications and the amount of the reimbursement will be deducted from the cash merger consideration. In the event the transactions contemplated by the merger agreement are not consummated, Entertainment Publications will reimburse Carlyle-EPI Partners L.P., in its capacity as the holder representative, for all fees and expenses incurred in connection with the transactions contemplated by the merger agreement.

REGISTRATION RIGHTS AGREEMENT

On November 20, 2002, USA and certain shareholders of Entertainment Publications entered into a registration rights agreement, which is filed as an exhibit to the registration statement of which this prospectus is a part. Other shareholders and optionholders (who have previously or concurrently therewith delivered a holder acknowledgment) not originally a party thereto may elect to sign the registration rights agreement during the period commencing on the date of Entertainment Publications' shareholders' meeting to approve the merger (after the merger has been approved on such date) and ending on the date that is three trading days thereafter.

The registration rights agreement requires that USA file a registration statement on Form S-3 with respect to the resale of the shares of USA common stock to be issued in the merger to the shareholders and optionholders of Entertainment Publications that are party to the registration rights agreement. USA will use commercially reasonable efforts to cause such registration statement to be declared effective by the SEC and to remain effective until the earlier to occur of (x) the first anniversary of the effective time of the merger and (y) the date on which the shareholders and optionholders of Entertainment Publications that are party to the registration rights agreement no longer hold any shares of USA common stock issued to them in the merger. The shareholders and optionholders of Entertainment Publications shall not be permitted to use the registration statement for purposes of an underwritten offering without the consent of USA. The registration rights agreement permits USA to suspend the effectiveness of the registration statement for certain periods of time as specified in the registration rights agreement if USA determines that the registration would require premature disclosure of material information relating to a pending corporate development.

By signing the registration rights agreement, the shareholders and optionholders of Entertainment Publications also agree to cooperate with any investment advisor designated by USA to facilitate the resale of the shares of USA common stock issued to them in the merger. In the event that USA advises the signatories to the registration rights agreement by 5:00 p.m. on the day prior to the closing date that a designated investment advisor will arrange such a trade, which we shall refer to as an advisor-arranged trade, each signatory to the registration rights agreement agrees to, and will be obligated to, enter into a binding commitment with the designated investment advisor to complete the transfer of the USA common stock such shareholder receives in the merger in such advisor-arranged trade, provided that the terms of such transfer:

(1) relate to all of the shares of USA common stock covered by the S-3 registration statement;

(2) provide for aggregate net cash proceeds to the signatories to the registration rights agreement of no less than the aggregate value (based on the average trading price at which the USA common stock is valued at the closing of the merger pursuant to the merger agreement) of the stock merger consideration issued in the merger and covered by the registration rights agreement multiplied by 0.94847093, which would amount to $175 million in the aggregate, assuming that all optionholders and shareholders of Entertainment Publications sign the registration rights agreement and USA issues $184,507,500 of the merger consideration in shares of USA common stock;

(3) are binding on the designated investment advisor on the closing date, subject to consummation of the merger;

(4) provide for a commission to the designated investment advisor that is within the range of customary brokerage commissions for sales of block trades that are similar in relevant respects; and

(5) provide for the execution of such transfer on the closing date and the settlement thereof on customary terms.

DESCRIPTION OF USA COMMON STOCK

Set forth below is a description of the shares of USA common stock that Entertainment Publications shareholders and optionholders will receive in connection with the merger. The following statements are brief summaries of, and are subject to the provisions of, USA's restated certificate of incorporation, as amended, USA's amended and restated by-laws, and the relevant provisions of the DGCL.

As of the date of this prospectus, USA's authorized capital stock consists of 1,600,000,000 shares of USA common stock, 400,000,000 shares of USA Class B common stock, par value $0.01 per share, and 100,000,000 shares of preferred stock, par value $0.01 per share, of which 13,125,000 shares of preferred stock has been designated as Series A Cumulative Convertible Preferred Stock, which we refer to in this document as USA preferred stock. As of November 20, 2002, there were 385,445,413 shares of USA common stock outstanding (including 488,669 shares of unvested restricted stock), 64,629,996 shares of USA Class B common stock outstanding and 13,118,182 shares of USA preferred stock outstanding. Upon consummation of the merger, based on the number of shares of USA common stock outstanding as of November 20, 2002, there would be outstanding approximately 392,045,413 shares of USA common stock.

USA Common Stock and USA Class B Common Stock

With respect to matters that may be submitted to a vote or for the consent of USA's stockholders generally, including the election of directors, each holder of shares of USA common stock, USA Class B common stock and USA preferred stock will vote together as a single class. In connection with any such vote, each holder of USA common stock is entitled to one vote for each share of USA common stock held, each holder of USA Class B common stock is entitled to ten votes for each share of USA Class B common stock held and each holder of USA preferred stock is entitled to two votes for each share of USA preferred stock held. Notwithstanding the foregoing, the holders of shares of USA common stock, acting as a single class, are entitled to elect 25% of the total number of USA's directors, and, in the event that 25% of the total number of directors shall result in a fraction of a director, then the holders of shares of USA common stock, acting as a single class, are entitled to elect the next higher whole number of USA's directors. In addition, the DGCL requires that certain matters be approved by the holders of shares of USA common stock, holders of USA Class B common stock or holders of USA preferred stock voting as a separate class.

Shares of USA Class B common stock are convertible into shares of USA common stock at the option of the holder thereof, at any time, on a share-for-share basis. Such conversion ratio will in all events be equitably preserved in the event of any recapitalization of USA by means of a stock dividend on, or a stock split or combination of, outstanding shares of USA common stock or USA Class B common stock, or in the event of any merger, consolidation or other reorganization of USA with another corporation. Upon the conversion of shares of USA Class B common stock into shares of USA common stock, those shares of USA Class B common stock will be retired and will not be subject to reissue. Shares of USA common stock are not convertible into shares of USA Class B common stock.

Except as described in this section, shares of USA common stock and USA Class B common stock are identical. The holders of shares of USA common stock and the holders of shares of USA Class B common stock are entitled to receive, share for share, such dividends as may be declared by USA's board of directors out of funds legally available therefor. In the event of a liquidation, dissolution, distribution of assets or winding-up of USA, the holders of shares of USA common stock and the holders of shares of USA Class B common stock are entitled to receive, share for share, all the assets of USA available for distribution to its stockholders, after the rights of the holders of the USA preferred stock have been satisfied.

Pursuant to the Governance Agreement among USA, Vivendi, Universal Studios, Inc., Liberty and Mr. Diller, Liberty has a preemptive right to maintain its percentage equity interest in USA, including in respect of the shares of USA common stock issuable in connection with the merger. This preemptive right generally provides that Liberty may elect to purchase a number of shares of USA common stock so that its percentage equity interest in USA immediately after a transaction would be the same as immediately before the transaction. The purchase price for shares of USA common stock pursuant to a preemptive right election is generally based upon the fair market value (as defined in the Governance Agreement) of the USA common stock purchased.

USA's restated certificate of incorporation, as amended, provides that there can be no stock dividends or stock splits or combinations of stock declared or made on shares of USA common stock or USA Class B common stock unless the USA common stock and USA Class B common stock then outstanding are treated equally and identically.

The shares of USA common stock to be issued in the merger under this prospectus will be legally issued, fully paid and non-assessable.

USA Preferred Stock

USA's board of directors has the authority to designate, by resolution, the powers, preferences, rights and qualifications, limitations and restrictions of the preferred stock without any further vote or action by the stockholders. Any shares of preferred stock so issued would have priority over shares of USA common stock and shares of USA Class B common stock with respect to dividend or liquidation rights or both.

In connection with the acquisition of a controlling interest in Expedia, Inc., USA issued an aggregate of approximately 13.1 million shares of USA preferred stock, par value $0.01 per share, "Series A Cumulative Convertible Preferred Stock," each having a $50.00 face value and a term of 20 years, which is referred to in this document as USA preferred stock. Each share of USA 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 conversion price is initially equal to $33.75 per share of USA common stock and is subject to downward adjustment if the price of USA common stock exceeds $35.10 at the time of conversion pursuant to a formula set forth in the certificate of designation for the USA preferred stock. Shares of USA preferred stock may be put to USA on the fifth, seventh, tenth and fifteenth anniversary of February 4, 2002 for cash or stock at USA's option. USA also has the right to redeem the shares of USA preferred stock for cash or stock commencing on the tenth anniversary of February 4, 2002. In the event of a voluntary or involuntary liquidation, dissolution or winding-up of USA, holders of USA preferred stock will be entitled to receive, in preference to any holder of USA common stock or USA Class B common stock, an amount per share equal to all accrued and unpaid dividends plus the greater of (a) face value, or (b) the liquidating distribution that would be received had such holder converted the USA preferred stock into USA common stock immediately prior to the liquidation, dissolution or winding-up of USA.

Anti-Takeover Provisions in USA's By-Laws

USA's by-laws contain provisions that could delay or make more difficult the acquisition of USA by means of a hostile tender offer, open market purchases, a proxy contest or otherwise. We also refer you to "Risk Factors—USA is controlled by Mr. Diller and in his absence will be controlled by Liberty Media Corporation" for information on other factors which could impact a change of control. In addition, USA's by-laws provide that, subject to the rights of holders of preferred stock, only USA's chairman of the board of directors or a majority of USA's board of directors may call a special meeting of stockholders.

Effect of Delaware Anti-Takeover Statute

USA is subject to Section 203 of the DGCL, which regulates corporate acquisitions. Section 203 generally prevents corporations from engaging in a business combination with any interested stockholder for three years following the date that the stockholder became an interested stockholder, unless that business combination has been approved in one of a number of specific ways. For purposes of Section 203, a "business combination" includes, among other things, a merger or consolidation involving USA and the interested stockholder and a sale of more than 10% of its assets. In general, the anti-takeover law defines an "interested stockholder" as any entity or person beneficially owning 15% or more of a company's outstanding voting stock and any entity or person affiliated with or controlling or controlled by that entity or person. A Delaware corporation may "opt out" of Section 203 with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or by-laws resulting from amendments approved by holders of at least a majority of a corporation's outstanding voting shares. USA has not "opted out" of the provisions of Section 203.

Action by Written Consent

Under the DGCL, unless a company's certificate of incorporation expressly prohibits action by the written consent of stockholders, any action required or permitted to be taken by its stockholders at a duly called annual or special meeting may be taken by a consent in writing executed by stockholders possessing the requisite votes for the action to be taken. USA's certificate of incorporation does not expressly prohibit action by the written consent of stockholders. As a result, Mr. Diller, who as of the date of this prospectus controlled (through companies owned by Liberty and Mr. Diller, his own holdings and pursuant to the Stockholders Agreement) a majority of the outstanding total voting power of USA, will be able to take any action to be taken by stockholders (other than with respect to the election by the holders of shares of USA common stock of 25% of the members of USA's board of directors and certain matters as to which a separate class vote of the holders of shares of USA common stock, USA Class B common stock or USA preferred stock is required) without the necessity of holding a stockholders meeting.

Transfer Agent

The transfer agent for shares of USA common stock, USA Class B common stock and USA preferred stock is The Bank of New York.

Listing

Shares of USA common stock are listed on the Nasdaq National Market under the ticker symbol "USAI." Shares of USA preferred stock are traded in the over the counter market under the ticker symbol "USAIP.OB."

COMPARISON OF STOCKHOLDER RIGHTS

USA is incorporated under the laws of the State of Delaware. Entertainment Publications is incorporated under the laws of the State of Michigan. If the merger is completed, Entertainment Publications shareholders, whose rights are currently governed by the MBCA, the restated articles of certificate of incorporation of Entertainment Publications and the bylaws of Entertainment Publications, will become stockholders of USA, and their rights as such will be governed by the DGCL, the restated certificate of incorporation of USA, as amended, and the amended and restated bylaws of USA. The material differences between the rights of holders of Entertainment Publications common stock and the rights of holders of USA common stock, resulting from the differences in their governing documents, are summarized below.

The following summary does not purport to be a complete statement of the rights of holders of USA common stock under applicable Delaware law, the restated certificate of incorporation of USA, as amended, and the bylaws of USA or the rights of the holders of Entertainment Publications common stock under applicable Michigan law, the restated articles of incorporation of Entertainment Publications, and the bylaws of Entertainment Publications, or a complete description of the specific provisions referred to herein. This summary contains a list of the material differences but is not meant to be relied upon as an exhaustive list or a detailed description of the provisions discussed and is qualified in its entirety by reference to the MBCA and the DGCL and the governing corporate instruments of USA and Entertainment Publications. We urge you to read those documents carefully in their entirety. Copies of the applicable governing corporate instruments of USA (as well as the Stockholders Agreement and the Governance Agreement) are available, without charge, to any person, including any beneficial owner to whom this prospectus is delivered, by following the instructions listed under "Where You Can Find More Information."

	Rights of Holders of USA Common Stock	Rights of Holders of Entertainment Publications Common Stock
Authorized Stock:	USA's restated certificate of incorporation, as amended, authorizes USA to issue 1,600,000,000 shares of USA common stock, 400,000,000 shares of USA Class B common stock and 100,000,000 shares of USA preferred stock	Entertainment Publications' restated articles of incorporation authorize Entertainment Publications to issue 20,000,000 shares of common stock.
	As of September 15, 2002, there were 384,138,676 shares of USA common stock, 64,629,996 shares of Class B common stock	As of December 1, 2002, there were 15,700,960 shares of Entertainment Publications common stock outstanding.

	and 13,118,182 shares of USA preferred stock outstanding. USA common stock is listed on the Nasdaq National Market under the symbol "USAI."	

Voting Rights:	USA common stock is entitled to one vote per share, USA Class B common stock is entitled to ten votes per share and USA preferred stock is entitled to two votes per share. Holders of USA common stock, USA Class B common stock and USA preferred stock generally vote together as a single class on all matters submitted for the vote or consent of USA shareholders, other than in the case of matters to which the DGCL provides for a separate class vote and other than the election of 25% of the USA directors. See "—Size and Composition of the Board of Directors." Based on the number of shares of USA Class B common stock outstanding as of the date of this document, the holders of USA Class B common stock have sufficient voting power to control the vote of any matter submitted to USA shareholders generally.	Entertainment Publications common stock is entitled to one vote per share. Entertainment Publications' restated articles of incorporation provide that a shareholder entitled to vote at an election for directors may vote, in person or by proxy, the number of shares owned by him or her for as many persons as there are directors to be elected and for whose election he or she has a right to vote, or may cumulate his or her votes by giving one candidate as many votes as the number of such directors multiplied by the number of his or her shares, or by distributing his or her votes on the same principle among any number of candidates.
Conversion Rights:	Shares of USA common stock are not subject to any conversion rights. Shares of USA Class B common stock are convertible into shares of USA common stock on a one-for-one basis at the option of the holders thereof. In addition, pursuant to the Stockholders Agreement, shares of USA Class B common stock are required to be converted into shares of USA common stock under certain circumstances. Shares of USA preferred stock are convertible into shares of USA common stock at an adjustable conversion ratio at the option of the holders thereof See "Description of USA Common Stock—USA Preferred Stock."	Shares of Entertainment Publications common stock are not subject to any conversion rights.

Size and Composition of the Board of Directors:	USA's amended and restated bylaws provide that USA's board of directors may determine the number of USA directors by resolution. Currently, there are 11 directors on USA's board of directors. USA's charter provides that the holders of USA common stock, acting as a single class, have the right to elect 25% of the total number of USA directors. The remaining directors are elected by the holders of USA common stock, USA Class B common stock and USA preferred stock voting together as a single class.	Entertainment Publications' bylaws provide that Entertainment Publications' board of directors may determine the number of directors by resolution; provided that the number of directors which shall constitute the whole board shall not be less than one and not more than nine. Currently, there are six directors on Entertainment Publications' board of directors.
Filling Vacancies on the Board of Directors:	USA's amended and restated bylaws provide that vacancies and newly created directorships may be filled either by the affirmative vote of a majority of the remaining directors elected by the	Entertainment Publications' bylaws provide that vacancies and newly created directorships may be filled by a majority of the directors then in office, although not less than a quorum, or by a sole remaining

	stockholders who vote on such directorship, even though less than a quorum, or by a majority of the voting power of shares of such stock issued and outstanding and entitled to vote on such directorship or by written consent of a majority of the voting power of shares of such stock issued and outstanding.	director. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board of directors, as constituted immediately prior to any such increase, the Court of Chancery may, upon application of any shareholder or shareholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships or to replace the directors chosen by the directors then in office.

Nomination of Directors by Stockholders:	USA's amended and restated bylaws provide that any USA stockholder may nominate persons for election as directors at an annual meeting or a special meeting at which directors are to be elected. In either case, notice of the nomination must be delivered to USA no later than ten days and not more than 60 days prior to the annual or special meeting at which directors are to be elected.	Under the MBCA, written notice of a meeting of shareholders, in which a shareholder proposal to nominate a director is to be considered, shall be given not less than 10 nor more than 60 days before the date of the meeting to shareholders. Any shareholder shall notify Entertainment Publications in writing of his or her intention to present a proper proposal at the meeting, and Entertainment Publications may establish reasonable procedures for the submission of appropriate proposals to the corporation in advance of the meeting in its bylaws.
Interested Directors:	Under the DGCL, specified contracts or transactions in which one or more of a corporation's directors has an interest are not void or voidable solely because of the interest if the contract or transaction (a) is ratified by the corporation's stockholders or a majority of the disinterested members of the corporation's board of directors or a committee thereof if the material facts of the contract or transaction are disclosed or known or (b) was fair to the corporation at the time it was approved. USA's charter and bylaws do not depart from this standard.	Under the MBCA, specified contracts or transactions in which one or more of a corporation's directors has an interest are not void, voidable, or a basis for an award of damages or other sanctions because of interest if the interested party establishes the contract or transaction (a) is ratified by a majority vote of the disinterested shares entitled to vote or a majority vote of the disinterested members of the corporation's board of directors or a committee thereof or the independent director(s), if the material facts of the contract or transaction are disclosed or known or (b) at the time entered into, was fair to the corporation.

Amendment of Certificate:	The DGCL generally provides that charter amendments require the affirmative vote of a majority of the outstanding shares entitled to vote and, in certain circumstances, a separate class vote. The DGCL also provides that a corporation's charter may require a greater or lesser vote than would otherwise be required by the DGCL. USA's charter requires a supermajority (80%) vote of each of the board of directors and the combined voting power of USA shareholders voting together as a single class to amend or repeal the requirement that the Chief Executive Officer may only be removed without cause by the affirmative vote of at least 80% of the entire USA board of directors.	The MBCA generally provides that charter amendments require the affirmative vote of a majority of the outstanding shares entitled to vote.

BENEFICIAL OWNERSHIP OF SHARES OF USA AND ENTERTAINMENT PUBLICATIONS

USA

USA Common Stock and Public Subsidiary Shares

The following table presents, as of September 15, 2002, information relating to the beneficial ownership of USA's common stock by (1) each person known by USA to own beneficially more than 5% of the outstanding shares of USA's common stock, (2) each director of USA, (3) each of the Chief Executive Officer and the four other most highly compensated executive officers of USA who served in such capacities as of December 31, 2001 (the "Named Executive Officers"), and (4) all executive officers and directors of USA as a group. The table also presents, as of September 15, 2002, information relating to the beneficial ownership of shares of the following subsidiaries of USA: Class A common stock of Hotels.com ("Hotels"), shares of Class A common stock of Expedia, Inc. ("Expedia"), shares of Class A common stock of Styleclick, Inc. ("Styleclick"), and shares of Class B common stock of Ticketmaster, by (1) each director of USA, (2) each of the Named Executive Officers, and (3) all executive officers and directors of USA as a group.

Unless otherwise indicated, beneficial owners listed here may be contacted at USA's corporate headquarters address, 152 West 57th Street, New York, New York 10019. For each listed person, the number of shares of USA common stock, Hotels Class A common stock, Styleclick Class A common stock, Ticketmaster Class B common stock and percent of each such class listed assumes the conversion of any shares of USA Class B common stock, Hotels Class B common stock, Styleclick Class B common stock and Ticketmaster Class A common stock owned by such person, but does not assume the conversion of those shares owned by any other person. Shares of USA Class B common stock may at the option of the holder be converted on a one-for-one basis into shares of USA common stock. Shares of Hotels Class B common stock may at the option of the holder be converted on a one-for-one basis into shares of Hotels Class A common stock. Shares of Styleclick Class B common stock may at the option of the holder be converted on a one-for-one basis into shares of Styleclick Class A common stock. Shares of Ticketmaster Class A common stock may at the option of the holder be converted on a one-for-one basis into shares of Ticketmaster Class B common stock. Under the rules of the SEC, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be the beneficial owner of any securities of which that person has the right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which that person has no economic interest. For each listed person, the number of shares and percent of class listed includes shares of USA common stock, Hotels Class A common stock, Styleclick Class A common stock and Ticketmaster Class B common stock that may be acquired by such person upon exercise of stock options that are or will be exercisable within 60 days of September 15, 2002. Unless specifically set forth in the following table, the listed person did not beneficially own, as of September 15, 2002, any shares of Hotels common stock, Ticketmaster common stock, Styleclick common stock or Expedia common stock.

The percentage of votes for all classes of USA common stock is based on one vote for each share of USA common stock, ten votes for each share of USA Class B common stock and two votes for each share of USA preferred stock. The percentage of votes for all classes of Hotels common stock is based on one vote for each share of Hotels Class A common stock and 15 votes for each share of Hotels Class B common stock. The percentage of votes for all classes of Styleclick common stock is based on one vote for each share of Styleclick Class A common stock and 15 votes for each share of Styleclick Class B common stock. The percentage of votes for all classes of Ticketmaster common stock is based

on 15 votes for each share of Ticketmaster Class A common stock and one vote for each share of Ticketmaster Class B common stock.

Name and Address of Beneficial Owner	Title of Class	Number of Shares	Percent of Class	Percent of Votes (All Classes)
Capital Research & Management Co. 333 South Hope Street Los Angeles, CA 90071	USA common	33,446,816(1)	8.7%	3.2%
Liberty Media Corporation 12300 Liberty Boulevard Englewood, CO 80112	USA common	89,738,567(2)	20.6%	52.1%
Microsoft Corporation One Microsoft Way Redmond, WA 98052	USA common USA preferred	53,318,277(3) 12,808,605(3)	12.8%	5.0%
Vivendi Universal S.A. j42, avenue Friedland 75380 Paris Cedex 08/France	USA common	117,079,043(4)	25.5%	21.3%
Janus Capital Management LLC 100 Fillmore Street Denver, CO 80206	USA common	19,661,260(1)	5.1%	1.9%
Barry Diller	USA common Hotels Class A Styleclick Class A Ticketmaster Class B Expedia Class A	256,183,004(2)(5) —(6) —(7) —(8) —(9)	46.0% * *	72.0% * * * *
Robert R. Bennett	USA common	26,096(10)	*	*
Edgar Bronfman, Jr.	USA common	—	*	*
Anne M. Busquet	USA common	28,165(11)	*	*
Jean-Rene Fourtou	USA common	—	*	*
Julius Genachowski	USA common	186,311(12)	*	*
Victor A. Kaufman	USA common	1,076,250(13)	*	*
Donald R. Keough	USA common	211,341	*	*

Dara Khosrowshahi	USA common	394,842(15)	*	*
	Hotels Class A	23,965(16)	*	*
	Ticketmaster Class B	500		
Marie-Josee Kravis	USA common	4,999(17)	*	*
John C. Malone	USA common	—(10)	*	*
Daniel Marriott	USA common	90,500(18)	*	*
	Ticketmaster Class B	666,311(19)		
Gen. H. Norman Schwarzkopf	USA common	169,664(20)	*	*
Michael Sileck	USA common	—(21)	*	*
Diane Von Furstenberg	USA common	24,165(22)	*	*
All executive officers and directors as a group (19 persons)	USA common	258,395,337	46.3%	73.7%
		23,965	*	*
		667,511	*	*

* The percentage of shares beneficially owned does not exceed 1% of the class.

(1) Based upon information filed with the SEC as of June 30, 2002.

(2) Consists of 38,538,527 shares of USA common stock and 2,353,188 shares of USA Class B common stock held by Liberty and 44 shares of USA common stock held collectively by the BDTV Entities (as defined below) and 8,000,000, 31,236,444, 8,010,364 and 1,600,000 shares of USA Class B common stock held by BDTV Inc., BDTV II Inc., BDTV III Inc. and

BDTV IV Inc. (collectively, the "BDTV Entities"), respectively. Mr. Diller owns all of the voting stock of the BDTV Entities and Liberty owns all of the non-voting stock, which non-voting stock represents in excess of 99% of the equity of the BDTV Entities. Pursuant to the Stockholders Agreement, Mr. Diller generally has the right to vote all of the shares of USA common stock and USA Class B common stock held by Liberty and the BDTV Entities.

(3) Based on information filed with the SEC as of February 15, 2002. Consists of 20,096,634 shares of USA common stock, 14,245,932 shares of USA common stock issuable upon exercise of the same number of USA warrants and 18,975,711 shares of USA common stock issuable upon conversion of 12,808,605 shares of USA preferred stock.

(4) Consists of 43,181,308 shares of USA common stock, 13,430,000 shares of USA Class B common stock and warrants to acquire 60,467,735 shares of USA common stock held by Vivendi. Pursuant to the Stockholders Agreement, Mr. Diller generally has the right to vote all of the shares of USA common stock and USA Class B common stock held by Vivendi.

(5) Consists of 2,043,705 shares of USA common stock owned by Mr. Diller, options to purchase 47,120,888 shares of USA common stock granted under USA's stock option plans, 200,801 shares of USA common stock held by a private foundation as to which Mr. Diller disclaims beneficial ownership, 44 shares of USA common stock and 48,846,808 shares of USA Class B common stock held by the BDTV Entities, 38,538,527 shares of USA common stock and 2,353,188 shares of USA Class B common stock which are held by Liberty, and 43,181,308 shares of USA common stock, 13,430,000 shares of USA Class B common stock and warrants to acquire 60,467,735 shares of USA common stock which are held by Universal and otherwise beneficially owned by Vivendi, as to which Mr. Diller has general voting authority under the Stockholders Agreement. Excludes options to purchase 24,165 shares of USA common stock held by Ms. Von Furstenberg, as to which Mr. Diller disclaims beneficial ownership.

(6) Excludes 38,999,100 shares of Hotels Class B common stock owned by USA, as to which Mr. Diller disclaims beneficial ownership. These shares are convertible into an equal number of shares of Hotels Class A common stock.

(7) Excludes 23,153,713 shares of Styleclick Class B common stock owned by USA, as to which Mr. Diller disclaims beneficial ownership. These shares are convertible into an equal number of shares of Styleclick Class A common stock.

(8) Excludes 42,480,143 shares of Ticketmaster Class A common stock and 53,302,401 shares of Ticketmaster Class B common stock owned by USA, as to which Mr. Diller disclaims beneficial ownership. The shares of Ticketmaster Class A common stock are convertible into an equal number of shares of Ticketmaster Class B common stock.

(9) Excludes 936,815 shares of Expedia Class A common stock and 34,501,191 shares of Expedia Class B common stock owned by USA, as to which Mr. Diller disclaims beneficial ownership. The Expedia Class A common stock has one vote per share and the Expedia Class B common stock generally has 15 votes per share.

(10) Mr. Bennett and Mr. Malone became directors of USA on October 25, 2001. Excludes shares beneficially owned by Liberty, as to which Messrs. Bennett and Malone disclaim beneficial ownership.

(11) Consists of 4,000 shares of USA common stock and options to purchase 24,165 shares of USA common stock granted under USA's stock option plans.

(12) Consists of 20,062 shares of USA common stock, 25,000 shares of USA restricted stock and options to purchase 141,249 shares of USA common stock granted under USA's stock option plans.

(13) Consists of 45,000 shares of USA restricted stock and options to purchase 1,031,250 shares of USA common stock granted under USA's stock option plans.

(14) Consists of 84,676 shares of USA common stock and options to purchase 126,665 shares of USA common stock granted under USA's stock option plans. Excludes shares of USA common stock beneficially owned by Allen & Co., for which Mr. Keough serves as Chairman. Mr. Keough disclaims beneficial ownership of such shares.

(15) Consists of 23,593 shares of USA common stock, 45,000 shares of USA restricted stock and options to purchase 326,249 shares of USA common stock granted under USA's stock option plans.

(16) Consists of options to purchase 23,965 shares of Hotels Class A common stock granted under Hotels' stock option plans.

(17) Consists of options to purchase 4,999 shares of USA common stock granted under USA's stock option plans.

(18) Consists of 3,000 shares of USA restricted stock and options to purchase 87,500 shares of USA common stock granted under USA's stock option plans.

(19) Includes options to purchase 10,106 shares of Ticketmaster Class A common stock and 636,187 shares of Ticketmaster Class B common stock and the right to purchase 20,000 shares of Ticketmaster Class B common stock at $.01 per share, subject to Ticketmaster's right to repurchase those shares, which right lapses on December 31, 2002. Includes 18 shares of Ticketmaster Class B common stock owned by Mr. Marriott's spouse as to which Mr. Marriott disclaims beneficial ownership.

(20) Consists of options to purchase 169,664 shares of USA common stock granted under USA's stock option plans.

(21) Mr. Sileck served as USA's Senior Vice President and Chief Financial Officer from October 12, 1999 to January 31, 2002.

(22) Consists of options to purchase 24,165 shares of USA common stock granted under USA's stock option plans. Excludes shares beneficially owned by Mr. Diller, as to which Ms. Von Furstenberg disclaims beneficial ownership. Ms. Von Furstenberg is Mr. Diller's wife.

USA Class B Common Stock

The following table presents, as of September 15, 2002, information relating to the beneficial ownership of USA's Class B common stock:

Name and Address of Beneficial Owner	Number of Shares	Percent of Class
Barry Diller c/o USA Interactive 152 West 57th Street New York, NY 10019	64,629,996	100%
Liberty Media Corporation(1)	51,199,996	79.2%

9197 South Peoria Street Englewood, CO 80112		
BDTV Entities(1) (includes BDTV INC., BDTV II INC., BDTV III INC. and BDTV IV INC.) 8800 Sunset Boulevard West Hollywood, CA 90069	48,846,808	75.6%
Vivendi Universal S.A.(2) 42, avenue de Friedland 75380 Paris Cedex 08/France	13,430,000	16.8%

(1) Liberty holds 2,353,188 shares of USA Class B common stock and the BDTV Entities hold 48,846,808 shares of USA Class B common stock. Mr. Diller owns all of the voting stock of the BDTV Entities and Liberty owns all of the non-voting stock, which non-voting stock represents in excess of 99% of the equity of the BDTV Entities. Pursuant to the Stockholders Agreement, Mr. Diller generally has the right to vote all of the shares of USA Class B common stock held by Liberty and the BDTV Entities.

(2) Mr. Diller generally votes all of the shares held by Vivendi under the terms of the Stockholders Agreement.

Entertainment Publications

The following table sets forth information with respect to the beneficial ownership of the capital stock of Entertainment Publications as of December 1, 2002 by:

- each person known to own beneficially more than 5% of the capital stock;
- each of Entertainment Publications' directors;
- Entertainment Publications' chief executive officer and each of the other four most highly compensated executive officers; and
- all of Entertainment Publications' directors and executive officers as a group.

The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a "beneficial" owner of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing any other person's percentage. Under these rules, more than

one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Affiliates of The Carlyle Group own 78.3% of the beneficial interests in Entertainment Publications. No executive officer other than Alan Bittker owns more than 1% of the outstanding shares of Entertainment Publications' common stock. Mr. Bittker owns approximately 2.6% of Entertainment Publications' shares, and all executive officers and directors as a group beneficially own approximately 4.9% of Entertainment Publications' shares.

Except as otherwise indicated in these footnotes, each of the beneficial owners listed has, to Entertainment Publications' knowledge, sole voting and investment power with respect to the shares of capital stock.

	Common Stock of Entertainment Publications Beneficially Owned	
Name and Address of Beneficial Owner	**Amount of Beneficial Ownership**	**Percentage of Outstanding Class(1)**
The Carlyle Group Funds(2) c/o The Carlyle Group 520 Madison Avenue, 41st Floor New York, New York 10022	12,292,198	78.3%
Cendant Membership Services, Inc. 6 Sylvan Way Parsippany, NJ 07054	2,246,240	14.3%
Francis Barker Director c/o The Carlyle Group 520 Madison Avenue, 41st Floor New York, New York 10022	—	—
Alan Bittker(3) Director and Officer	413,458	2.6%

c/o Entertainment Publications, Inc. 2125 Butterfield Road Troy, MI 48084		
David Brandon(4) Director c/o Domino's Pizza 30 Frank Lloyd Wright Drive Ann Arbor, MI 48106	2,000	*
Peter Clare Director c/o The Carlyle Group 1001 Pennsylvania NW Suite 220 Washington, DC 20004	—	—
Yosi Heber(5) Chief Marketing Officer c/o Entertainment Publications, Inc. 2125 Butterfield Road Troy, MI 48084	75,000	*

Toby Ippolito Director c/o Cendant Corporation 6 Sylvan Way Parsippany, NJ 07054	—	—
Dhanajy Pai Director c/o Lighthouse Capital 51 W. 52nd Street, 23rd Floor New York, NY 10019	—	—
Kevin Petry(6) Executive Vice President c/o Entertainment Publications, Inc. 2125 Butterfield Road Troy, MI 48084	108,064	*
Marian Roberge(7) Executive Vice President and Assistant Secretary c/o Entertainment Publications, Inc. 2125 Butterfield Road Troy, MI 48084	81,838	*
Ed Stassen(8) Chief Financial Officer and Treasurer c/o Entertainment Publications, Inc. 2125 Butterfield Road Troy, MI 48084	80,000	*
All executive officers and directors as a group (11 persons)(9)	810,360	4.9%

* Less than 1.0%.

(1) As of December 1, 2002, Entertainment Publications has 15,700,960 shares of common stock outstanding.

(2) Of the 12,292,198 shares beneficially owned by The Carlyle Group Funds, 718,846 shares are beneficially held by Carlyle High Yield Partners, L.P., 2,019,146 shares are beneficially held by Carlyle International Partners II, L.P., 107,838 shares are beneficially held by Carlyle International Partners III, L.P., 2,536 shares are beneficially held by Carlyle Investment Group, L.P., 2,387,515 shares are beneficially held by Carlyle Partners II, L.P., 108,458 shares are beneficially held by Carlyle SBC Partners II, L.P., 278,510 shares are beneficially held by Carlyle-Entertainment Publications International Partners, L.P., 3,011,075 shares are beneficially held by Carlyle-Entertainment Publications Partners, L.P., 2,193,011 shares are beneficially held by Carlyle-Entertainment Publications Partners II, L.P., 451,609 shares are beneficially held by C/S International Partners, and 1,013,654 shares are beneficially held by State Board of Administration of Florida. Each of these entities has an address c/o The Carlyle Group, 520 Madison Avenue, 41st Floor, New York, New York 10022.

(3) Beneficial ownership figure includes 365,750 options which may vest within 60 days of December 1, 2002.

(4) Beneficial ownership figure includes 2,000 options which may vest within 60 days of December 1, 2002.

(5) Beneficial ownership figure includes 75,000 options which may vest within 60 days of December 1, 2002.

(6) Beneficial ownership figure includes 80,000 options which may vest within 60 days of December 1, 2002.

(7) Beneficial ownership figure includes 65,000 options which may vest within 60 days of December 1, 2002.

(8) Beneficial ownership figure includes 80,000 options which may vest within 60 days of December 1, 2002.

(9) Beneficial ownership figure includes 365,750 options held by Alan Bittker; 2,000 options held by David Brandon, 75,000 options held by Yosi Heber, 50,000 options held by Steve Loos, 80,000 options by Kevin Petry, 65,000 options held by Marian Roberge, and 80,000 options held by Ed Stassen, all of which may vest within 60 days of December 1, 2002.

INFORMATION ABOUT ENTERTAINMENT PUBLICATIONS

Headquartered in Troy, Michigan, Entertainment Publications is a leading marketer of coupon books, discounts and merchant promotions. Founded in Detroit, Michigan in 1962, Entertainment Publications has expanded to serve more than 160 major markets and does business with approximately 70,000 local merchants and national retailers.

The company's main membership product—the Entertainment® Book—contains discount offers from local and national restaurants and hotels, leading national retailers, and other merchants specializing in leisure activities. A unique feature of the Entertainment® book is that it is usually sold as a fund-raiser, with a percentage of sale proceeds being retained by schools, community groups and other non-profit organizations. In fact, sales from Entertainment Publications' products (including Sally Foster® Gift Wrap) raise nearly $90 million annually for these causes. In addition to school and community groups, the product is also distributed through major retailers, direct marketers and Entertainment Publications' Web site. More than eight million memberships are sold annually.

Entertainment Publication's other product lines include customized discount programs, Sally Foster Gift Wrap®, a proprietary brand of wrapping paper, gift and holiday products that are sold as a school fund-raiser, and Summer Vacation, a line of grade-based activity books and software designed to help students have fun while continuing to learn during summer vacation.

PER SHARE PRICE INFORMATION AND DIVIDEND POLICY FOR ENTERTAINMENT PUBLICATIONS

There is no established trading market for Entertainment Publications common stock. Entertainment Publications has not paid any cash dividends on shares of Entertainment Publications common stock in its last two fiscal years or any subsequent interim period thereafter. Entertainment Publications currently anticipates that it will retain all of its future earnings available for distribution to the holders of Entertainment Publications common stock for use in the expansion and operation of its respective businesses, and does not anticipate paying any cash dividends on shares of Entertainment Publications common stock in the foreseeable future.

WHERE YOU CAN FIND MORE INFORMATION

USA files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information that USA files at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information on the public reference room.

USA's SEC filings are also available to the public from commercial retrieval services and at the website maintained by the SEC at www.sec.gov. USA maintains a website at *www.usainteractive.com.* Information contained on USA's website is not part of this prospectus.

USA filed a registration statement on Form S-4 to register with the SEC the USA common stock USA will issue in the merger. This prospectus is a part of that registration statement. The SEC allows us to "incorporate by reference" information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. 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 or in a later filed document incorporated by reference in this prospectus. This prospectus incorporates by reference the documents set forth below that USA previously filed with the SEC. These documents contain important information about USA, as well as other information required to be disclosed or incorporated by reference into this prospectus. You may obtain copies of the Form S-4 (and any amendments to the

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Form S-4), as well as the documents incorporated by reference into this prospectus, in the manner described above.

USA SEC Filings	Period
USA SEC Annual Report on Form 10-K	Year ended December 31, 2001, filed on April 1, 2002, as amended on July 24, 2002 and on November 14, 2002.

Definitive Proxy Statements	Filed on March 25, 2002; and April 30, 2002.
Quarterly Reports on Form 10-Q	Quarters ended March 31, 2002 (filed on May 15, 2002, as amended July 24, 2002 and November 13, 2002), June 30, 2002 (filed on August 14, 2002, as amended November 13, 2002) and September 30, 2002 (filed on November 14, 2002).
Current Reports on Form 8-K	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; June 5, 2002; July 24, 2002 (other than Exhibit 99.2); September 20, 2002; September 25, 2002; October 10, 2002; October 24, 2002; October 25, 2002; December 6, 2002; December 9, 2002 and December 13, 2002.
Sections entitled "Summary—Selected Unaudited Pro Forma Combined Condensed Financial Information of USA" and "Unaudited Pro Forma Combined Condensed Financial Statements of USA" contained in Registration Statement on Form S-4	Filed on November 14, 2002, as amended December 17, 2002.
Expedia, Inc. SEC Filings	
Transition Report on Form 10-K	Six months ended December 31, 2001, filed on April 1, 2002.

All documents filed by USA pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act with the SEC from the date of this prospectus through the completion of the merger (or, if earlier, the date on which the merger agreement is terminated) are also deemed to be incorporated by reference into this prospectus. These include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy and information statements.

USA has supplied all information contained or incorporated by reference into this prospectus relating to USA and Red Wing, Inc, and Entertainment Publications has supplied all information contained in this prospectus relating to Entertainment Publications.

If you are a Entertainment Publications shareholder, documents incorporated by reference into this prospectus are available from USA without charge upon written or oral request at the information

below. Exhibits to documents incorporated by reference into this prospectus will only be furnished if they are specifically incorporated by reference into this document. If you request any incorporated documents from USA, they will be mailed to you by first class mail, or another equally prompt means, within one business day after the date your request is received. You may obtain documents incorporated by reference into this prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and phone numbers:

USA Interactive
152 West 57th Street
New York, New York 10019
(212) 314-7300
Attention: Corporate Secretary

LEGAL MATTERS

The validity of the USA common stock being offered by this prospectus will be passed upon for USA by Gibson, Dunn & Crutcher LLP, Los Angeles, California.

EXPERTS

The consolidated financial statements of USA and its subsidiaries incorporated into this prospectus by reference to USA's Annual Report on Form 10-K, as amended by amendments No. 1 and 2 on Form 10-K/A, for the year ended December 31, 2001, have been incorporated by reference herein in reliance upon the report of Ernst & Young LLP, independent auditors, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements and the related financial statement schedule incorporated into 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 been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

MISCELLANEOUS

No person has been authorized to give any information or make any representation on behalf of USA not contained in this prospectus, and if given or made, such information or representation must not be relied upon as having been authorized. The information contained in this prospectus is accurate only as of the date of this prospectus and, with respect to material incorporated into this document by reference, the dates of such referenced material.

If you live in a jurisdiction where it is unlawful to offer to exchange or sell, or to ask for offers to exchange or buy, the securities offered by this document, or if you are a person to whom it is unlawful to direct these activities, then the offer presented by this document does not extend to you.

PART II—INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

The Registrant'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. The Registrant'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. The Registrant'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. The Registrant's Amended and Restated By-Laws allow the Registrant 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 the Registrant. From time to time, officers and directors may be provided with indemnification agreements that are consistent with the foregoing provisions. The Registrant 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. The Registrant 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
2.1	Agreement and Plan of Merger, dated as November 20, 2002, by and between USA Interactive, Red Wing, Inc., Entertainment Publications, Inc. and Carlyle-EPI Partners, L.P.
3.1	Restated Certificate of Incorporation of USA Interactive (incorporated by reference to Exhibit 3.1 to USA Interactive's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000).
3.2	Amendment to the Restated Certificate of Incorporation of USA Interactive (incorporated by reference to Exhibit A of USA Interactive's Definitive Information Statement filed on November 19, 2001).
3.3	Certificate of Ownership and Merger Merging Taiwan Travel, Inc. into USA Networks, Inc. (incorporated by reference to Exhibit 3.3 to USA Interactive's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002).

Exhibit Number	Description
3.4	Amended and Restated By-Laws of USA Interactive (incorporated by reference to Exhibit 99.1 of USA Interactive's Current Report on Form 8-K, filed on September 20, 2002).
5.1*	Opinion of Gibson, Dunn & Crutcher LLP as to the validity of the shares being issued.
23.1	Consent of Ernst & Young LLP.
23.2	Consent of Deloitte & Touche LLP.
23.3*	Consent of Gibson, Dunn & Crutcher LLP (included in Exhibit 5.1 hereto).
24.1	Powers of Attorney.
99.1	Registration Rights Agreement, dated as of November 20, 2002, by and between USA Entertainment Publications, Inc. and the persons signatory thereto.
99.2	Voting Agreement and Irrevocable Proxy, dated as of November 20, 2002, among USA Interactive, Red Wing, Inc., and the shareholders of Entertainment Publications, Inc. signatory thereto.

* To be filed by amendment.

Item 22. Undertakings.

The undersigned Registrant hereby undertakes:

(a) That, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference into the registration statement shall be deemed a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(c) That every prospectus: (i) that is filed pursuant to paragraph (e) immediately preceding, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(d) 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.

(e) To supply by means of a post-effective amendment all information concerning a transaction, and Entertainment Publications being acquired involved therein, 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, the Registrant 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 December 20, 2002.

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 December 20, 2002.

Signature	Title
/s/ Barry Diller * Barry Diller	Chairman of the Board, Chief Executive Officer and Director
/s/ Victor A. Kaufman * Victor A. Kaufman	Vice Chairman and Director
/s/ William J. Severance *	Vice President and Controller (Chief Accounting Officer)

William J. Severance	
/s/ Dara Khosrowshahi	Executive Vice President and Chief Financial Officer
Dara Khosrowshahi	
	Director
Robert R. Bennett	
/s/ Edgar Bronfman, Jr. *	Director
Edgar Bronfman, Jr.	
/s/ Anne M. Busquet *	Director
Anne M. Busquet	
/s/ Jean-René Fourtou *	Director
Jean-René Fourtou	
/s/ Donald R. Keough *	Director
Donald R. Keough	
/s/ Marie-Josee Kravis *	Director
Marie-Josee Kravis	
/s/ John C. Malone *	Director
John C. Malone	
/s/ Gen. H. Norman Schwarzkopf *	Director
Gen. H. Norman Schwarzkopf	
/s/ Diane Von Furstenberg *	Director
Diane Von Furstenberg	

EXHIBIT INDEX

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3.4	Amended and Restated By-Laws of USA Interactive (incorporated by reference to Exhibit 99.1 of USA Interactive's Current Report on Form 8-K, filed on September 20, 2002).
5.1*	Opinion of Gibson, Dunn & Crutcher LLP as to the validity of the shares being issued.
23.1	Consent of Ernst & Young LLP.
23.2	Consent of Deloitte & Touche LLP.
23.3*	Consent of Gibson, Dunn & Crutcher LLP (included in Exhibit 5.1 hereto).
24.1	Powers of Attorney.

99.1	Registration Rights Agreement, dated as of November 20, 2002, by and between USA Entertainment Publications, Inc. and the persons signatory thereto.
99.2	Voting Agreement and Irrevocable Proxy, dated as of November 20, 2002, among USA Interactive, Red Wing, Inc., and the shareholders of Entertainment Publications, Inc. signatory thereto.

* To be filed by amendment.

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Exhibit 2.1

AGREEMENT AND PLAN OF MERGER

dated as of

November 20, 2002

by and among

USA INTERACTIVE,

RED WING, INC.,

ENTERTAINMENT PUBLICATIONS, INC.,

and

CARLYLE-EPI PARTNERS, L.P.

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This Agreement and Plan of Merger, dated as of November 20, 2002 (this "*Agreement*"), is entered into by and among USA INTERACTIVE, a Delaware corporation ("*Acquiror*"), RED WING, INC., a Michigan corporation and a wholly-owned Subsidiary of Acquiror ("*Merger Sub*"), ENTERTAINMENT PUBLICATIONS, INC., a Michigan corporation (the "*Company*"), and Carlyle-EPI Partners, L.P. ("*Carlyle-EPI*"), a Delaware limited partnership, solely in its capacity as the initial Holder Representative hereunder.

RECITALS

A. Acquiror, Merger Sub and the Company (Merger Sub and the Company sometimes being referred herein to as the "*Constituent Corporations*") are hereby adopting a plan of merger, providing for the merger of Merger Sub with and into the Company, with the Company being the surviving corporation. This merger (the "*Merger*") will be consummated in accordance with the laws of the State of Michigan and the terms of this Agreement and evidenced by a Certificate of Merger between Merger Sub and the Company in substantially the form of *Annex A* hereto (the "*Certificate of Merger*"), such Merger to be consummated as of the Effective Time of the Merger (as defined below).

B. Prior to the execution of this Agreement, Acquiror has received all approvals of its shareholders and Board of Directors and any committees thereof required in connection with this Agreement and the transactions contemplated hereby, including without limitation the issuance of Acquiror Common Stock by Acquiror in connection with the Merger.

C. Concurrently with the execution of this Agreement, Acquiror, and each of the Company Principal Shareholders have entered into a Registration Rights Agreement (the "*Registration Rights Agreement*") providing for, among other things, the registration of the shares of Acquiror Common Stock comprising the Stock Merger Consideration under the Securities Act of 1933, as amended (the "*Securities Act*"), pursuant to a resale registration statement, and indemnification with respect to certain matters.

D. For certain limited purposes, and subject to the terms set forth herein, the Holder Representative shall serve as a representative of the Holders.

E. Concurrently with the execution of this Agreement, Acquiror and the Company Principal Shareholders, who hold, in the aggregate, a number of shares of Company Common Stock entitling the holders to cast votes in excess of that number of votes necessary for the adoption and approval of this Agreement and the transactions contemplated hereby by the shareholders of the Company, have entered into a Voting Agreement pursuant to which the Company's Principal Shareholders have agreed to vote all shares of Company Common Stock held by the Company's Principal Shareholders in favor of approval and adoption of this Agreement and the transactions contemplated hereby.

F. Certain capitalized terms used herein have the meanings ascribed to such terms in Article XI hereof.

AGREEMENT

In order to consummate the Merger, and in consideration of the mutual agreements hereinafter contained, Acquiror, Merger Sub, the Holder Representative and the Company agree as follows:

ARTICLE I.
THE MERGER

Section 1.1 *Plan of Merger.*

(a) *The Merger.*

(i) *Merger of Merger Sub into the Company.* Upon the terms and conditions set forth in this Agreement, and in accordance with the Michigan Business Corporation Act (the "*MBCA*"), at the Effective Time of the Merger, Merger Sub shall be merged with and into

the Company. As a result of the Merger, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the surviving corporation of the Merger (the "*Surviving Corporation*"), continuing its corporate existence under the MBCA as a wholly-owned Subsidiary of Acquiror. Any references herein to the Company and its Subsidiaries after the Closing Date shall be deemed references to the Surviving Corporation and its Subsidiaries.

(ii) *Effect of the Merger.* At the Effective Time of the Merger, the effect of the Merger shall be as provided in the applicable provisions of the MBCA. Without limiting the generality of the MBCA, and subject to its provisions, at the Effective Time of the Merger the Surviving Corporation shall thereupon and thereafter possess all of the rights, privileges, powers and franchises, of a public as well as a private nature, of the Constituent Corporations, and shall become subject to all the restrictions, disabilities and duties of each of the Constituent Corporations; and all rights, privileges, powers and franchises of each Constituent Corporation, and all property, real, personal and mixed, and all debts due to each such Constituent Corporation, on whatever account, and all choses in action belonging to each such corporation, shall become vested in the Surviving Corporation; and all property, rights, privileges, powers and franchises, and all and every other interest shall become thereafter the property of the Surviving Corporation as they are of the Constituent Corporations; and the title to any real property vested by deed or otherwise or any other interest in real estate vested by any instrument or otherwise in either of such Constituent Corporations shall not revert or become in any way impaired by reason of the Merger; but all Liens upon any property of either Constituent Corporation shall thereforth attach to the Surviving Corporation and shall be enforceable against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

(iii) *Articles of Incorporation; Bylaws; Directors and Officers.* At the Effective Time of the Merger, (A) the Articles of Incorporation and Bylaws of Merger Sub shall be the Articles of Incorporation and Bylaws of the Surviving Corporation, which shall, concurrently with the Merger, be amended and restated as set forth in *Annex B* hereto; (B) the directors of Merger Sub immediately prior to the Effective Time of the Merger shall be the directors of the Surviving Corporation, each to hold office in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation; (C) the officers of Merger Sub immediately prior to the Effective Time of the Merger shall be the officers of the Surviving Corporation, in each case until their respective successors are duly elected or appointed and qualified; and (D) the name of the Surviving Corporation shall be "Entertainment Publications, Inc."

(b) *Outstanding Capital Stock of Each Constituent Corporation and Effect on Capital Stock; Merger Consideration.*

(i) *Outstanding Capital Stock of Each Constituent Corporation.*

(A) *The Company.* The Company has authorized capital consisting of 20,000,000 shares of common stock, par value $.01 per share, of which 15,700,960 shares are issued and outstanding on the date hereof and entitled to vote.

(B) *Merger Sub.* Merger Sub has authorized capital consisting of 1,000 shares of common stock, no par value, of which 500 shares are issued and outstanding on the date hereof and entitled to vote. The number of outstanding shares of stock of the Merger Sub will not change prior to the Effective Time of the Merger.

(ii) *Effect on Capital Stock.* At the Effective Time of the Merger, by virtue of the Merger and without any further action on the part of the Company, the holders of Company

Common Stock, Merger Sub or the holders of Merger Sub Common Stock (as hereinafter defined), the following events shall occur:

(A) *Conversion of Company Common Stock; Cancellation of Treasury Stock.* Each share of Company Common Stock that is then issued and outstanding (excluding treasury shares and any Management Rollover Shares) (the "*Company Shares*") shall automatically be canceled and retired and shall cease to exist, and each certificate previously representing any Company Share shall thereafter represent the right to receive the aggregate per share consideration into which such Company Share was converted in the Merger, as determined pursuant to Section 1.1(d) or 1.1(e), as applicable. Each Management Rollover Share that is then issued and outstanding shall automatically be cancelled and retired and shall cease to exist, and each certificate previously representing any Management Rollover Share shall thereafter represent the right to receive the aggregate per share consideration into which such Management Rollover Share was converted in the Merger, as determined pursuant to Section 1.1(f). Each share of Company Common Stock held in the treasury of the Company or owned by the Company immediately prior to the Effective Time of the Merger shall be canceled and extinguished and no payment shall be made with respect thereto; and

(B) *Conversion of Merger Sub Common Stock.* All issued and outstanding shares of common stock of Merger Sub ("*Merger Sub Common Stock*") shall continue to be issued and shall be converted into 14,958.958 shares of Class A common stock of the Surviving Corporation (the "*Surviving Corporation Common Stock*"), with each share of Merger Sub Common Stock converted into 29.917916 shares of Surviving Corporation Common Stock. Each stock certificate of Merger Sub evidencing ownership of any shares of Merger Sub Common Stock automatically and for all purposes shall be deemed to represent the number of shares of Surviving Corporation Common Stock into which the shares of Merger Sub Common Stock represented by such certificate have been converted pursuant to this Section.

(iii) *Options.* Pursuant to Section 6.8 of the Company's Stock Incentive Plan, upon the giving of at least 30-days prior notice of the consummation of the Merger to the Holders of Options: (A) all outstanding Options shall become fully vested and exercisable immediately prior to the Effective Time of the Merger and (B) all outstanding Options must be exercised on or before the Effective Time of the Merger and shall terminate and shall not be exercisable at any time thereafter. The Company shall give at least 30-days prior notice to each of the Holders of Options of the Change of Control (as defined in the Stock Incentive Plan) that will occur upon the consummation of the Merger. Holders of Options who have returned a properly executed Holder Acknowledgment in the form attached hereto as Exhibit 1.1(b)(iii) or exercised their Options, in each case on or prior to the Effective Time of the Merger shall be entitled to receive a portion of the Merger Consideration, as determined pursuant to Section 1.1(d) or 1.1(e), as applicable.

(c) The "*Cash Merger Consideration*", subject to adjustment pursuant to Sections 1.3(a) and 1.8 hereof, shall consist of (A) an amount in cash equal to (i) $184,507,500, *minus* (ii) Company Net Indebtedness, *minus* (iii) the Holder Allocable Expenses paid by Acquiror to the Holder Representative at Closing in accordance with Section 1.5, *minus* (iv) the Mezzanine Premium, and *minus*, (v) the Employee Bonus Amount (plus any payroll taxes that the Surviving Corporation must pay in connection therewith). The Stock Merger Consideration shall consist of a number of shares of Acquiror Common Stock equal to (i) $184,507,500 (subject to adjustment pursuant to Section 1.1(e) or 1.3(a), the "*Stock Calculation Amount*"), *divided by* (ii) the Average Trading Price.

Any payments made by Acquiror pursuant to Section 3.2(a)(2) of the Registration Rights Agreement shall be accounted for as additional Cash Merger Consideration and shall be paid by the Acquiror in accordance with the terms of the Registration Rights Agreement.

(d) Subject to Section 1.1(e), the Merger Consideration (other than the shares of Surviving Corporation Class B Common Stock issuable in respect of the Management Rollover Shares (the "*Management Rollover Consideration*")), which is covered in Section 1.1(f)) shall be allocated among the Holders as set forth below in this subsection 1.1(d):

(i) Each Holder shall be entitled to receive, in respect of the Company Shares held by such Holder as of the Effective Time of the Merger (excluding any Company Shares issuable upon the exercise of any Options held by such Holder as of the Effective Time of the Merger), a portion of the Cash Merger Consideration equal to (x) the Cash Per Fully-Diluted Share (as defined below), *multiplied by* (y) the number of Company Shares held by such Holder as of the Effective Time of the Merger (but not including any Company Shares issuable upon the exercise of any Options held by such Holder as of the Effective Time of the Merger). Each Holder who delivers a Holder Acknowledgment to the Acquiror prior to the Closing shall be entitled to receive, in respect of the Options held by such Holder as of the Effective Time of the Merger, a portion of the Cash Merger Consideration equal to (i) the Cash Per Fully Diluted Share, *multiplied by* the aggregate number of Company Shares issuable upon exercise in full of all Options held by such Holder as of the Effective Time of the Merger, *minus* (ii) the amount equal to the Cash Percentage of the aggregate cash exercise price payable upon exercise of all Options held by such holder as of the Effective Time of the Merger.

(ii) Each Holder shall be entitled to receive, in respect of the Company Shares and/or Options (if such Holder delivers a Holder Acknowledgment to the Acquiror prior to the Closing) held by such Holder as of the Effective Time of the Merger, a portion of the Stock Merger Consideration, rounded down to the nearest whole share, equal to (x) the product of (i) the sum of the number of Company Shares held by such Holder as of the Effective Time of the Merger, *plus* the aggregate number of Company Shares issuable upon the exercise in full of all Options held by such holder as of the Effective Time of the Merger and (ii) the Stock Per Fully-Diluted Share (as defined below), *minus* (y) a number of shares of Acquiror Common Stock equal to (1) the amount of the Stock Percentage of the aggregate cash exercise price payable upon exercise of all Options held by such Holder as of the Effective Time of the Merger, *divided by* (2) the Average Trading Price.

(iii) The "*Cash Per Fully-Diluted Share*" shall mean (i) the sum of (A) the Cash Merger Consideration, *plus* (B) the amount of the Cash Percentage of the Aggregate Option Exercise Price (defined below), *divided by* (ii) the Aggregate Fully-Diluted Shares (as defined below). The "*Stock Per Fully-Diluted Share*" shall mean a number of shares of Acquiror Common Stock equal to (i) the sum of (A) the number of shares of Acquiror Common Stock comprising the Stock Merger Consideration, *plus* (B) the number of shares of Acquiror Common Stock equal to (1) the amount of the Stock Percentage of the Aggregate Option Exercise Price, *divided by* (2) the Average Trading Price, *divided by* (ii) the Aggregate Fully-Diluted Shares. The "*Aggregate Fully-Diluted Shares*" shall mean (x) the aggregate number of Company Shares issued and outstanding as of the Effective Time of the Merger, *plus* (y) the aggregate number of Company Shares issuable upon the exercise in full of all Options outstanding as of the Effective Time of the Merger. The "*Aggregate Option Exercise Price*" shall mean the sum of the cash exercise prices payable upon exercise in full of all outstanding Options as of the Effective Time of the Merger.

(e) Acquiror may elect to pay to all Optionholders cash in lieu of shares of Acquiror Common Stock that the Optionholders would otherwise be entitled to receive pursuant to Section 1.1(d) hereof in respect of the Company Shares and Options held by the Optionholders as of the Effective Time of the Merger by giving written notice to the Company of such election prior to the Closing. In the event that Acquiror elects to pay each Optionholder cash in lieu of shares of Acquiror Common Stock,

(i) the additional cash payment to each Optionholder shall be an amount equal to the number of shares of Acquiror Common Stock to which such Optionholder would otherwise be entitled pursuant to Section 1.1(d) if such election were not made, *multiplied* by the Average Trading Price (payments to be made to all Optionholders hereunder to be referred to as the "*Additional Cash Payment*").

(ii) the Stock Calculation Amount shall be decreased by the Additional Cash Payment.

(iii) the portion of the Stock Merger Consideration to which Holders of Company Shares (other than Optionholders) will be entitled shall be calculated as follows: each such Holder shall be entitled to receive, in respect of the Company Shares held by such Holder as of the Effective Time of the Merger, a portion of the Stock Merger Consideration, rounded down to the nearest whole share, equal to the product of (i) the number of Company Shares held by such Holder as of the Effective Time of the Merger multiplied by (ii) the Stock Per Outstanding Share (as defined below). For purposes of such calculation, (x) "Stock Per Outstanding Share" shall mean a number of shares of Acquiror Common Stock equal to (a) the number of shares of Acquiror Common Stock comprising the Stock Merger Consideration, *divided by* (b) the Aggregate Outstanding Shares, and (y) "Aggregate Outstanding Shares" shall mean the aggregate number of Company Shares issued and outstanding at the Effective Time of the Merger *minus* the number of Company Shares held by Optionholders as of the Effective Time of the Merger.

(iv) any conforming changes to this Agreement to reflect Acquiror's election pursuant to this Section 1.1(e) shall be made in an amendment to this Agreement, as reasonably agreed to by the parties hereto.

(f) Each Holder shall be entitled to receive, in respect of the Management Rollover Shares held by such Holder as of the Effective Time of the Merger, a number of shares of Class B Common Stock of the Surviving Corporation (the "*Surviving Corporation Class B Stock*") equal to the product of (i) the number of Management Rollover Shares held by such Holder as of the Effective Time of the Merger multiplied by (ii) 0.0006036.

Section 1.2 ***Payment and Exchange of Certificates.*** (a) Immediately prior to the Effective Time of the Merger, Acquiror shall instruct the transfer agent for the Acquiror Common Stock in its role as the exchange agent (the "*Exchange Agent*") to issue and deliver to each Holder, promptly after such Holder has surrendered the appropriate certificates representing Company Shares and a Representation Letter (or, in the case of Holders of Options, upon delivery of a Holder Acknowledgment prior to Closing), as well as any other customary documentation reasonably requested by the Exchange Agent, to the Acquiror at an address designated by such Holder or otherwise at such Holder's direction, stock certificates representing a number of shares of Acquiror Common Stock calculated in accordance with Section 1.1(d) (collectively, the "*Acquiror Certificates*").

(b) Concurrently with the Effective Time of the Merger, Acquiror shall pay to the Exchange Agent by wire transfer of immediately available funds an amount equal to the Cash Merger Consideration (less the Initial Escrow Amount). The Exchange Agent shall pay to each Holder, promptly after such Holder has surrendered the appropriate certificates representing Company Shares (or, in the case of Options, upon delivery of a Holder Acknowledgment to the Acquiror

prior to Closing) to the Exchange Agent, by wire transfer of immediately available funds to an account designated by such Holder, in the case of a Holder of Company Shares, or by check to an address designated by such Holder, in the case of a Holder of Options, an amount equal to such Holder's portion of the Cash Merger Consideration into which such Holder's Company Shares and/or Options shall have been converted as a result of the Merger, calculated in accordance with Section 1.1(d) or 1.1(e), as applicable (*less* a portion of such Holder's portion of the Cash Merger Consideration equal to the Initial Escrow Amount, *multiplied* by such Holder's Applicable Percentage), which shall be deposited in escrow in accordance with Section 1.4 and the Escrow Agreement; *provided*, *however*, that any payment (including shares of Acquiror Common Stock) with respect to Options held by employees of the Company or any of its Subsidiaries ("*Employee Options*") shall be reduced by the amount of any taxes required to be withheld under applicable law with respect to such payments and amounts so withheld shall be paid by the Acquiror to the Surviving Corporation for disbursement to the applicable taxing authority. The Surviving Corporation shall issue certificates for the Surviving Corporation Class B Common Stock to the holders of Management Rollover Shares upon surrender of the certificates representing Management Rollover Shares.

(c) Acquiror shall not be obligated to deliver any Cash Merger Consideration or Stock Merger Consideration with respect to any Holder until Acquiror shall have received appropriate certificates representing Company Shares and a Representation Letter (or, in the case of Options, a Holder Acknowledgment prior to Closing).

(d) Upon (i) payment by Acquiror to each Holder of such Holder's portion of the Merger Consideration (including any adjustment thereto pursuant to Section 1.8(c)), less the Initial Escrow Amount, (ii) delivery by the Exchange Agent to the Holders of the Acquiror Certificates, if any, (iii) payment by Acquiror of the Retired Company Debt, (iv) payment by Acquiror of the Employee Bonuses to the employees set forth on a schedule to be delivered by the Company to Acquiror prior to Closing, (v) payment by Acquiror to the Holder Representative of the estimated Holder Allocable Expenses pursuant to Section 1.5 hereof, (vi) delivery by Acquiror of the Initial Escrow Amount to the Escrow Agent, and (vii) delivery by the Surviving Corporation of the Surviving Corporation Class B Common Stock, Acquiror shall be deemed to have satisfied its obligations to make payments in respect of the Merger Consideration.

(e) Pending surrender and exchange (or, in the case of Options, upon delivery of a Holder Acknowledgment to the Acquiror prior to the Closing), a holder's certificate or certificates for Company Shares, Management Rollover Shares or agreement with respect to Options (if such Holder has delivered a Holder Acknowledgment to the Acquiror prior to the Closing) shall be deemed for all purposes to evidence such holder's entitlement to receive such portion of the Merger Consideration into which such Company Shares, Management Rollover Shares and/or Options shall have been converted by the Merger.

(f) Notwithstanding anything to the contrary in this Agreement, no Holder shall be entitled to receive fractional shares of Acquiror Common Stock and each Holder whose Company Shares and/or Options were converted pursuant to the Merger into a portion of the Stock Merger Consideration and who would otherwise have been entitled to receive a fraction of a share of Acquiror Common Stock shall be entitled to receive, in lieu of such fractional share, cash equal to (i) such fraction *multiplied by*, (ii) the Average Trading Price. As promptly as practicable after the determination of the amount of cash, if any, to be paid to holders of fractional interests in Acquiror Common Stock, Acquiror shall forward payments of such amounts to such holders of fractional interests subject to and in accordance with the terms hereof. No such Holder will be entitled to dividends, voting rights or any other shareholder rights in respect of any fractional share.

(g) In the event any certificate for Company Shares or Management Rollover Shares has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, and providing for appropriate indemnification to Acquiror and Exchange Agent reasonably satisfactory to Acquiror, the Acquiror and Exchange Agent will issue in exchange for such lost, stolen or destroyed certificate for Company Shares or Management Rollover Shares the Merger Consideration deliverable in respect thereof as determined in accordance with this Article I.

(h) From and after the Effective Time of the Merger, there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Company Common Stock which were outstanding immediately prior to the Effective Time of the Merger. If, after the Effective Time of the Merger, certificates representing capital stock of the Company are presented to the Surviving Corporation for any reason they shall be canceled as provided in this Article I.

(i) None of Acquiror or the Surviving Corporation shall be liable to any holder of Company Shares and/or Options for Merger Consideration delivered to a public official pursuant to any applicable abandoned property escheat or similar law.

(j) Acquiror shall be entitled to deduct and withhold from the Merger Consideration otherwise payable pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payments under the Code, or any provision of United States federal, state or local, or any foreign, tax law. To the extent that amounts are so withheld or paid over to or deposited with the relevant Governmental Authority by Acquiror, such amounts shall be treated for all purposes of this Agreement as having been paid to the person in respect of which such deduction and withholding was made.

Section 1.3 ***Form of Consideration.*** (a) In lieu of delivering the Stock Merger Consideration in the form of Acquiror Common Stock, Acquiror may, in addition to the Cash Merger Consideration, elect to pay all or any portion of the Stock Merger Consideration in cash; *provided*, that in no event shall the Stock Calculation Amount be less than Five Million Dollars ($5,000,000) unless there is no Stock Merger Consideration pursuant to the last sentence of this Section 1.3(a) or pursuant to Section 1.3(b). In the event that Acquiror elects to pay any portion of the Stock Merger Consideration in cash rather than Acquiror Common Stock, on the Closing Date, the Cash Merger Consideration shall be increased by an amount equal to (i) the Stock Calculation Amount, *multiplied by*, (ii) the Cash Consideration Percentage *multiplied by*, (iii) 0.9459459459, and such additional amount shall be treated as additional Cash Merger Consideration for all purposes under this Agreement. The Stock Calculation Amount shall be reduced by an amount equal to (i) the number of shares of Acquiror Common Stock comprising the Stock Merger Consideration that Acquiror has paid in cash pursuant to the provisions of this Section 1.3(a), *multiplied by*, (ii) the Average Trading Price. In the event that Acquiror elects to pay *all* of the Stock Merger Consideration in cash rather than Acquiror Common Stock, on the Closing Date, there shall be no Stock Merger Consideration issuable in the Merger, the additional Cash Merger Consideration issuable in the Merger in lieu of any Stock Merger Consideration shall be $175.0 million and the Stock Calculation Amount shall be zero.

(b) If the Acquiror Common Stock has been delisted from NASDAQ, unless the Acquiror Common Stock is then listed on NYSE, the Company and the Acquiror (unless, with respect to Acquiror, Acquiror shall have breached the covenant set forth in Section 5.7 hereof) shall each have the right to terminate this Agreement pursuant to Section 10.1(b)(ii) or 10.1(c)(ii) hereof, respectively, unless Acquiror agrees to pay all of the Stock Merger Consideration in cash, in which case the last sentence of Section 1.3(a) shall apply.

Section 1.4 ***Escrow.*** Notwithstanding the foregoing provisions of this Article I, on the Closing Date, an amount of cash equal to the Initial Escrow Amount shall be delivered by Acquiror to the Escrow Agent to be held in escrow in accordance with the terms of the Escrow Agreement, subject to the terms of Section 9.4, to serve as the sole and exclusive source of payment and remedy for any claim for Damages for which any Acquiror Indemnitee is entitled to indemnification pursuant to Section 9.2(a) hereof. The Escrow Amount shall be held by the Escrow Agent in accordance with the terms of an Escrow Agreement in the form attached hereto as *Annex C* hereto (the "*Escrow Agreement*"). On the date that is twelve (12) months and one day after the Closing Date, each of Acquiror and the Holder Representative shall execute joint written instructions to the Escrow Agent instructing the Escrow Agent to disburse a portion of the Escrow Amount such that the Escrow Amount after such disbursement shall be equal to (x) $5,000,000, plus (y) an amount sufficient to satisfy any claims for indemnification submitted prior to such date in accordance with the terms of this Agreement and the Escrow Agreement to be held in escrow until such claims have been resolved in accordance with the terms hereof (the "*Initial Retained Amount*"), to the Holders (*pro rata* in accordance with their respective Applicable Percentages). For the avoidance of doubt, the Initial Retained Amount shall only be available for claims for Damages submitted prior to the date that is twelve (12) months after the Closing Date that have not been resolved as of such date. After the date that is twelve (12) months after the Closing Date, the Acquiror Indemnitee may only submit claims for indemnification for Tax Damages. Acquiror and the Holder Representative further agree to jointly instruct the Escrow Agent on the date that is thirty-six (36) months after the Closing Date to disburse a portion of the Escrow Amount equal to (x) the remaining Escrow Amount, less (y) an amount sufficient to satisfy any claims for indemnification for Tax Damages submitted prior to such date in accordance with the terms of this Agreement and the Escrow Agreement to be held in escrow until such claims have been resolved in accordance with the terms hereof, less (z) any portion of the Initial Retained Amount that remains in escrow, to the Holders (*pro rata* in accordance with their respective Applicable Percentages). In no event shall the Holder Representative have any liability under this Section 1.4, nor shall any Holder have any liability under this Section 1.4 in excess of such Holder's Applicable Percentage of the Escrow Amount. Notwithstanding the foregoing, any distributions to any holders of Employee Options pursuant to this Section 1.4 shall be net of the amount of any taxes required to be withheld from such distributions under applicable law, and the amounts so withheld shall be paid over to the Surviving Corporation for payment by the Surviving Corporation to the applicable Governmental Authority as required by law. In no event shall any Acquiror Indemnitee be entitled to payment pursuant to this Section 1.4 of any amount in excess of the Escrow Amount, plus any interest earned thereon.

Section 1.5 ***Holder Allocable Expenses.*** Within three (3) business days prior to the Closing Date, the Holder Representative will provide to Acquiror an itemized list of the Holder Allocable Expenses (which list shall include and specifically identify such reserves as the Holder Representative determines in good faith to be appropriate for any Holder Allocable Expenses that are not then known or determinable). "Holder Allocable Expenses" shall mean the following fees and expenses that have been or are expected to be incurred by the Holder Representative on behalf of the Holders in connection with the preparation, negotiation and execution of this Agreement and the consummation of the transactions contemplated hereby and that have not been paid as of such date: (i) the fees and disbursements of special outside counsel to the Holders and/or the Holder Representative incurred in connection with the transactions contemplated hereby, (ii) the fees and expenses of any other agents, advisors, consultants and experts employed by the Holders and/or the Holder Representative in connection with the Merger, including the fees of T.C. Group, L.L.C., (iii) any fees and expenses of the Company in connection with the transactions contemplated hereby in excess of $200,000 and (iv) the expenses of the Holder Representative incurred in such capacity (collectively, the "*Holder Allocable Expenses*"). On the Closing Date, Acquiror shall pay to the Holder Representative cash in the amount of such estimated Holder Allocable Expenses and the Holder Representative shall use such cash to pay

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the Holder Allocable Expenses. In no event will Acquiror, the Company, any of their Subsidiaries or the Holder Representative be responsible for payment of Holder Allocable Expenses in excess of the cash amounts paid to the Holder Representative by Acquiror under this Section 1.5.

Section 1.6 ***Preparation of Statements of Working Capital.*** (a) On or before December 30, 2002, the Holder Representative shall prepare and deliver to Acquiror a Statement of Working Capital of the Company and its Subsidiaries as of November 29, 2002 (the "*November Statement of Working Capital*"). If the Closing Date is on or prior to January 14, 2003, within 30 days after the Closing Date, Acquiror shall prepare and deliver to the Holder Representative a Statement of Working Capital of the Company and its Subsidiaries as of December 31, 2002 (the "*December Statement of Working Capital*"). If the Closing Date is after January 14, 2003, prior to the Closing, the Holder Representative shall prepare and deliver to Acquiror the December Statement of Working Capital. The Statements of Working Capital shall be based upon the books and records of the Company, shall be prepared in accordance with GAAP in a manner consistent with the accounting principles used in preparing the September 2002 Balance Sheet and shall present fairly, in all material respects, the financial condition of the Company before giving effect to the consummation of the transactions under this Agreement which are contemplated to take effect as of the Closing Date, except in each case as otherwise provided in this Section 1.6 or in the definition of "Working Capital."

(b) If the receiving party has no objections to the applicable Statement of Working Capital prepared and delivered by the preparing party pursuant to subsection (a), it shall so notify the receiving party, and such Statement of Working Capital shall become final on the date such receiving party provides such notice. If either receiving party has any objections to the applicable Statement of Working Capital delivered by the preparing party, it will deliver a written statement describing its objections to such Statement of Working Capital to the preparing party within 15 business days after the later of the

delivery of such Statement of Working Capital and the Closing Date. The receiving party's failure to deliver a written statement of objections within 15 business days after the later of the delivery of such Statement of Working Capital and the Closing Date shall constitute such receiving party's acceptance of such Statement of Working Capital, in which event, such Statement of Working Capital shall become final on such 15th business day after the later of the delivery of such Statement of Working Capital and the Closing Date. The Acquiror and its independent certified public accountants, Ernst & Young, shall, during the period between the delivery by the Holder Representative of the November Statement of Working Capital and the Closing Date, be permitted to have access to, examine and make copies of all books and records (including but not limited to correspondence memoranda, books of account and the like) related to the Company and be permitted to review the working papers of PWC relating to the November Statement of Working Capital and shall have access to the Company, PWC and their personnel, subject to, in the case of the working papers and personnel of PWC, delivering an access letter in form and substance satisfactory to PWC. The Holder Representative, and its independent certified public accountants, PWC, shall, during the period between the delivery by Acquiror of the December Statement of Working Capital and the final resolution of any dispute relating thereto in accordance herewith, be permitted to have access to, examine and make copies of all books and records (including but not limited to correspondence, memoranda, books of account and the like) relating to the Company and be permitted to review the working papers of Ernst & Young relating to such Statement of Working Capital and shall have access to Acquiror, the Company and Ernst & Young and their personnel, subject to, in the case of the working papers and personnel of Ernst & Young, delivering an access letter in form and substance satisfactory to Ernst & Young. Acquiror and Ernst & Young shall cooperate with the Holder Representative and PWC in facilitating such review. If any objection cannot be resolved by the parties within 15 days following delivery of the receiving party's notice of objection, Deloitte & Touche (or if Deloitte & Touche is unavailable for any reason, KPMG (in each case, the "*Independent Auditors*") will be retained to resolve all remaining objections. The Independent Auditors shall be bound by the provisions of this

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Section 1.6 and the defined accounting terms and other terms set forth in this Agreement). The parties may submit to such firm any facts or materials which they deem relevant to the determination. The determination of the Independent Auditors shall be made within 15 business days of the date on which such Independent Auditors are appointed and shall be set forth in writing and will be conclusive, non-appealable and binding upon the parties hereto for all purposes. When the November Statement of Working Capital, the December Statement of Working Capital and the Statement of December Cash have each become final pursuant to the provisions of this Section 1.6, the Holder Representative and Acquiror shall calculate the December 20 2002 Working Capital in a manner consistent with the calculation of the Target Working Capital set forth on *Schedule 1.6* hereto. Any disputes with respect to the calculation of the December 20 2002 Working Capital shall be submitted to the Independent Auditors on the same terms (including time periods) and conditions set forth above with respect to the retention of Independent Auditors.

(c) The Holder Representative and Acquiror shall each pay the fees and expenses of their respective internal and independent accountants and personnel incurred pursuant to this Section 1.6. In the event the parties submit any unresolved objections to the Independent Auditors for resolution as provided in Section 1.6(b) or 1.8(b), the fees and expenses of the Independent Auditors shall be paid one half by the Holder Representative, on behalf of the Holders, and one half by Acquiror.

Section 1.7 ***Adjustments Resulting from December 20 2002 Working Capital.*** If the December 20 2002 Working Capital of the Company, as finally determined pursuant to Section 1.6, is less than the Target Working Capital, *minus* $250,000, the amount due to be paid to the Holders pursuant to Section 1.8(c) shall be reduced by the amount of such deficiency, together with interest on the amount of such deficiency from the Closing Date until the date of such payment at a fixed rate of interest equal to 6% per annum.

Section 1.8 ***Preparation of Statement of December Cash.*** (a) If the Closing Date is on or prior to January 30, 2003, (i) prior to Closing the Holder Representative shall prepare and deliver to the Acquiror a statement of estimated December Cash (the "*Preliminary Statement of December Cash*") and (ii) Acquiror will prepare and deliver to the Holder Representative a Statement of December Cash by the later of (a) January 30, 2003 or (b) 15 business days after the Closing Date. If the Closing Date is after January 30, 2003, prior to Closing the Holder Representative shall prepare and deliver to Acquiror a Statement of December Cash. The Statement of December Cash, whether prepared by the Holder Representative or the Acquiror, shall be prepared in accordance with GAAP in a manner consistent with the accounting principles used in preparing the September 2002 Balance Sheet.

(b) If the receiving party has no objections to the Statement of December Cash prepared and delivered by the preparing party pursuant to Section 1.8(a), it shall so notify the preparing party, and the Statement of December Cash shall become final on the date the receiving party provides such notice. If the receiving party has any objections to the Statement of December Cash delivered by the preparing party, it will deliver a written statement describing its objections to the Statement of December Cash within 15 business days after the later of the delivery of such Statement of December Cash and the Closing Date. The receiving party's failure to deliver a written statement of objections within 15 business days after the later of the delivery of such Statement of December Cash and the Closing Date shall constitute the receiving party's acceptance of the Statement of December Cash, in which event, the Statement of December Cash shall become final on such 15th business day after the later of the delivery of such Statement of December Cash and the Closing Date. The receiving party, if it is the Holder Representative, and PWC shall, during the period between the delivery by Acquiror of the Statement of December Cash and the final resolution of any dispute relating thereto, be permitted to have access to, examine and make copies of all books and records (including but not limited to correspondence, memoranda, books of account and the

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like) relating to the Company and be permitted to review the working papers of Ernst & Young relating to such Statement of December Cash and shall have access to Acquiror, the Company and Ernst & Young and their personnel, subject to, in the case of the working papers and personnel of Ernst & Young, delivering an access letter in form and substance satisfactory to Ernst & Young. Acquiror and Ernst & Young shall cooperate with the Holder Representative and PWC in facilitating such review. If any objection cannot be resolved by the parties within 15 business days following delivery of the receiving party's notice of objection, Independent Auditors will be retained to resolve all remaining objections. The Independent Auditors shall be bound by the provisions of this Section 1.8 and the defined accounting terms and other terms set forth in this Agreement. The parties may submit to such firm any facts or materials which they deem relevant to the determination. The determination of the Independent Auditors shall be made within 15 business days of the date on which such Independent Auditors are appointed and shall be set forth in writing and shall be conclusive, non-appealable and binding upon the parties hereto for all purposes.

(c) The Cash Merger Consideration described in Section 1.1(c) will be adjusted as follows: Acquiror shall pay to the Holders entitled to receive the Merger Consideration (*pro rata* in accordance with their respective Applicable Percentages) the amount by which December Cash of the Company set forth on the Statement of December Cash, as finally determined pursuant to this Section, exceeds the Distributable December Cash, together with interest on the amount of such payment from the Closing Date until the date of such payment at a fixed rate of interest equal to 6% per annum, by wire transfer or

delivery of other immediately available funds to the account designated by such Holder pursuant to Section 1.2(b), in the case of a Holder of Company Shares, or through the Company's payroll, in the case of a Holder of Options, within five business days after the date on which the December Cash of the Company as reflected on the Statement of December Cash is finally determined pursuant to this Section; *provided, however*, that such payment shall not be made by Acquiror prior to the time that December 20 2002 Working Capital is finally determined pursuant to Section 1.6 above; and *provided*, further, that any amounts due to be released to Acquiror pursuant to Section 1.7, if any, shall reduce the payment to the Holders due under this Section 1.8(c) in accordance with Section 1.7.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Acquiror and Merger Sub as provided in *Sections 2.1* through *2.28*, which representations and warranties are, as of the date hereof, and will be, as of the Closing Date, true and correct (except to the extent such representations or warranties speak as of an earlier date or time):

Section 2.1 ***Corporate Organization of the Company.*** The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Michigan and has the corporate power and authority to own or lease its assets and properties and to conduct its business as it is now being conducted and to perform all its obligations under the Company Material Contracts (as defined below). The copies of the Articles of Incorporation and Bylaws of the Company previously made available by the Company to Acquiror are true, correct and complete. Except as set forth on *Schedule 2.1*, the Company is duly licensed or qualified and in good standing as a foreign corporation in each jurisdiction in which the ownership of its property or the character of its activities is such as to require it to be so licensed or qualified, except where the failure to be so licensed or qualified would not have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole. *Schedule 2.1* sets forth a true, correct and complete list of all assumed names used by the Company and its Subsidiaries.

Section 2.2 ***Subsidiaries.*** (a) Set forth on *Schedule 2.2* is a complete and accurate list of each Subsidiary of the Company. Except as set forth on *Schedule 2.2*, each Subsidiary of the Company has been duly formed and is validly existing as a corporation in good standing under the laws of its jurisdiction of formation and up-to-date in the filing of all returns under the laws of its jurisdiction of formation and has the requisite power and authority to own or lease its properties and to conduct its business as it is now being conducted, to own or lease its assets and properties and to perform all its obligations under its contracts. The Company has previously made available to Acquiror copies of the organizational documents of each Subsidiary of the Company. Such copies are true, correct and complete. Except as set forth on *Schedule 2.2*, each such Subsidiary is duly licensed or qualified and in good standing as a foreign corporation in each jurisdiction in which its ownership of property or the character of its activities is such as to require it to be so licensed or qualified, except where the failure to be so licensed or qualified would not have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole.

(b) Except as set forth on *Schedule 2.2*, the Company does not presently own or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity, other than investments conducted through mutual funds or the Company's 401(k) plan or similar investments.

Section 2.3 ***Capitalization of the Company.*** (a) The authorized capital stock of the Company consists solely of 20,000,000 shares of Company Common Stock, of which 15,700,960 shares are issued and outstanding as of the date hereof. All of the issued and outstanding shares of Company Common Stock have been duly authorized and validly issued and are fully paid and non-assessable.

(b) Except as set forth on *Schedule 2.3(b)*, there are no (i) outstanding Options, stock appreciation rights ("*SARs*") or other securities convertible into or exchangeable or exercisable for shares of capital stock of the Company or any other commitments or agreements providing for the issuance of additional shares, the sale of treasury shares, or for the repurchase or redemption of shares of capital stock of the Company, (ii) securities of the Company reserved for issuance for any purpose, (iii) agreements pursuant to which registration rights in the capital stock of the Company have been granted, (iv) shareholders agreements among any current or former shareholders of the Company with respect to the voting or transfer of shares of capital stock or other matters concerning such capital stock, (v) statutory or contractual preemptive rights or rights of first refusal or similar rights with respect to the Company Common Stock or (vi) agreements of any kind which may obligate the Company to issue, purchase, redeem or otherwise acquire any of its capital stock.

(c) *Schedule 2.3(c)* sets forth a true and complete list as of the date hereof of all holders of outstanding Options, the exercise price per share, the term of each such Option, whether such Option is a nonqualified stock option or incentive stock option, whether the optionee is an employee of the Company on the date of this Agreement and any restrictions on exercise or sale of such Option or underlying shares (other than any restrictions contained in the agreements listed on *Schedule 2.3(b)*).

Section 2.4 ***Capitalization of Subsidiaries.*** The outstanding shares of capital stock of each Subsidiary of the Company have been duly authorized and validly issued and are fully paid and non-assessable. Except as set forth on *Schedule 2.4*, the Company owns (or another Subsidiary of the Company owns) of record and beneficially all the issued and outstanding interests in each such Subsidiary, free and clear of any Liens other than Permitted Liens. Except as set forth on *Schedule 2.4*, there are no outstanding options (whether vested or unvested), warrants, rights or other securities exercisable or exchangeable for any capital stock of any Subsidiary, any other commitments or agreements providing for the issuance of additional shares, the sale of treasury shares, or for the repurchase or redemption of shares of any such Subsidiary's capital stock, or any agreements of any

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kind which may obligate any such Subsidiary to issue, purchase, register for sale, redeem or otherwise acquire any of its capital stock.

Section 2.5 ***Due Authorization.*** The Company has all requisite corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized and approved by the Board of Directors of the Company and, except for approval of this Agreement by the Shareholders in accordance with the MBCA, no other corporate proceeding on the part of the Company is necessary to authorize this Agreement or to consummate the

transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to (i) ratification and approval of the designation of the Holder Representative pursuant to Section 12.1 and the other transactions contemplated hereby in accordance with the MBCA by the Shareholders and (ii) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity. The Holder Representative has all requisite limited partnership power and authority to execute, deliver and perform this Agreement and the Escrow Agreement and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Escrow Agreement and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized and approved by the general partner of the Holder Representative and no other limited partnership proceeding on the part of the Holder Representative is necessary to authorize this Agreement, the Escrow Agreement or to consummate the transactions contemplated hereby or thereby. This Agreement has been, and the Escrow Agreement will be, duly and validly executed and delivered by the Holder Representative and constitutes, or will constitute, the legal, valid and binding obligations of the Holder Representative, enforceable against the Holder Representative in accordance with their terms, subject to (i) ratification and approval of the designation of the Holder Representative pursuant to Section 12.1 and the other transactions contemplated hereby in accordance with the MBCA by the Shareholders and (ii) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

Section 2.6 ***No Conflict.*** Except as set forth in *Schedule 2.6*, and subject to Section 2.20, the execution and delivery of this Agreement by the Company and the consummation of the transactions contemplated hereby do not and will not (i) result in any material violation or material breach of any applicable law, rule or regulation of any governmental body, (ii) result in any violation or breach of (A) the Articles of Incorporation, Bylaws or other organizational documents of the Company or any of its Subsidiaries, or (B) any order, judgment or decree applicable to the Company or any of its Subsidiaries or their respective assets, (iii) terminate or result in the termination of any Company Material Contract, (iv) result in the creation of any Lien (other than a Permitted Lien) upon any of the properties or assets of the Company or any of its Subsidiaries, or (v) constitute an event which, after notice or lapse of time or both, would result in any such violation, breach, termination or creation of a Lien, (other than a Permitted Lien) or result in a material violation or revocation of any required Permit or required approval from any Governmental Authority.

Section 2.7 ***Financial Statements; Liabilities.*** (a) Attached as *Schedule 2.7(a)* hereto are (x) the audited consolidated balance sheets as of June 30, 2002 and 2001 and the related consolidated statements of operations, stockholders' equity, and cash flow for the years ended June 30, 2002 and 2001 and the six-month period ended June 30, 2000, together with the auditors' reports thereon (the "*Audited Financial Statements*"), and (y) the unaudited consolidated balance sheet and statements of operations, stockholders' equity and cash flow of the Company and its consolidated Subsidiaries as of and for the period ending September 30, 2002 (the "*Interim Financial Statements*" and, together with

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the Audited Financial Statements, the "*Financial Statements*"), all of which (i) are complete in all material respects, (ii) have been prepared in accordance with the books and records of the Company and its Subsidiaries, (iii) have been prepared in accordance with United States generally accepted accounting principles ("*GAAP*") applied on a consistent basis throughout the periods covered thereby (except as otherwise stated in the footnotes or the audit opinion related thereto, copies of which are included as part of *Schedule 2.7(a)* hereto), (iv) with respect to the Interim Financial Statements, have been prepared in a matter consistent, in all material respects, with the preparation of the Audited Financial Statements and (v) present fairly, in all material respects, the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates stated in such financial statements and the results of their operations for the periods stated therein (subject to, in the case of the Interim Financial Statements, with respect to clauses (i) through (v), normal year-end adjustments and the absence of footnotes). Except as set forth in *Schedule 2.7(a)*, such Financial Statements do not reflect any material change in accounting principles during the periods indicated.

(b) Except as set forth in *Schedule 2.7(b)* or disclosed in the Financial Statements (or notes thereto), neither the Company nor any of its Subsidiaries has any material liabilities or obligations (whether absolute, accrued, contingent or otherwise) of any nature, except liabilities, obligations or contingencies which (A) are disclosed in or accrued or reserved against in the September 2002 Balance Sheet, (B) were incurred after September 30, 2002 and on or prior to the date hereof in the ordinary course of business and consistent with past practices, or set forth on *Schedule 2.7(b)* hereof, (C) have been discharged or paid in full prior to the date hereof, (D) are of a nature not required to be reflected in the consolidated financial statements of the Company and its Subsidiaries prepared in accordance with GAAP consistently applied or (E) are incurred after the date hereof and that would not have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole.

Section 2.8 ***Employee Benefits.*** (a) *Schedule 2.8(a)* lists as of the date hereof all "employee benefit plans" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*")), and all bonus, stock option, stock purchase, incentive, deferred compensation, supplemental retirement, health, life, or disability insurance, dependent care, severance and other similar fringe or employee benefit plans, programs or arrangements and any current employment or executive compensation or severance agreements (or former employment, executive compensation or severance agreements to the extent payments are currently being made under such agreements) maintained or contributed to for the benefit of any employee or former employee of (i) the Company, or (ii) with respect to any such "employee benefit plan" which is subject to Title IV of ERISA, any trade or business (whether or not incorporated) that is a member of a controlled group including the Company or that is under common control with the Company within the meaning of Section 414 of the Code (an "*ERISA Affiliate*") as well as each plan with respect to which the Company or an ERISA Affiliate could incur liability under Section 4069 (if such plan has been or were terminated) or Section 4212(c) of ERISA (each a "*Benefit Plan*," collectively, the "*Benefit Plans*"). Benefit Plans shall include each Benefit Plan maintained in the U.S. or any foreign jurisdiction. True and complete copies of (i) the two (2) most recent annual reports on Form 5500 (with Schedules and attachments) where such report is required, and (ii) the plan documents, including any related trust agreements, and other material documents governing each such Benefit Plan, have been made available to Acquiror.

(b) Except as set forth on *Schedule 2.8(b)*:

(i) No Benefit Plan is subject to Title IV of ERISA or Section 412 of the Code, and neither the Company nor any ERISA Affiliate has incurred any liability (contingent or otherwise) with respect to any such Benefit Plan. Neither the Company nor any of its ERISA Affiliates sponsors or has ever sponsored, maintained, contributed to, or incurred an obligation to contribute or incurred a liability (contingent or otherwise) with respect to any Multiemployer Plan or to a Multiple Employer Plan. For these purposes, "Multiemployer

Plan" means a multiemployer plan, as defined in Section 3(37) and 4001(a)(3) of ERISA, and "*Multiple Employer Plan*" means any Employee Benefit Plan sponsored by more than one employer, within the meaning of Sections 4063 or 4064 of ERISA or Section 413(c) of the Code.

(ii) Each Benefit Plan has been maintained in all material respects, by its terms and in operation, in accordance with the requirements of applicable law (including, without limitation, with the requirements of ERISA and the Code).

(iii) Each Benefit Plan intended to qualify under Section 401(a) of the Code is so qualified and each Benefit Plan has adopted all amendments necessary to comply with the Code on or before the remedial amendment period deadline specified for each such amendment pursuant to Section 401(b) of the Code or IRS promulgations, and the trust created thereunder satisfies the provisions of Section 501(a) of the Code. No such Benefit Plan has been operated in a manner which would cause it to be disqualified in operation. Each Benefit Plan that is a funded welfare benefit plan intended to be exempt from tax under the provisions of Section 501(c)(9) of the Code has been determined by the IRS to be so exempt.

(iv) No Benefit Plan has participated in, engaged in or been a party to any transaction that is prohibited under Section 4975 of the Code or Section 406 of ERISA that is not exempt under Section 4975 of the Code or Section 408 of ERISA, respectively. With respect to any Benefit Plan, (i) neither the Company, nor any of its ERISA Affiliates has had asserted against it any claim for taxes under Chapter 43 of Subtitle D of the Code and Section 5000 of the Code, or for penalties under ERISA Sections 502(c), 502(i) or 502(l), nor, to the knowledge of the Company, is there a basis for any such claim and (ii) to the knowledge of the Company, no officer, director or employee of the Company has committed a material breach of any fiduciary responsibility or obligation imposed by Title I of ERISA with respect to any Benefit Plan. Other than routine claims for benefits, there is no claim or proceeding (including any audit or, to the knowledge of the Company, investigation) pending or, to the knowledge of the Company, threatened, involving any Benefit Plan by any Person or any Governmental Authority.

(v) *Schedule 2.8(b)(v)* sets forth a list as of the date hereof of all (i) employment agreements with officers of the Company, (ii) agreements with consultants who are individuals obligating the Company to make annual cash payments in an amount of Seventy Five Thousand Dollars ($75,000) or more, (iii) severance agreements, programs and policies of the Company with or relating to its employees, except such programs and policies required to be maintained by law, and (iv) plans, programs, agreements and other arrangements of the Company with or relating to its employees that provide for the acceleration or creation of benefits upon the consummation of the transactions contemplated herein whether or not listed in other parts of the Schedules. The Company has made available to Acquiror true and complete copies of all such agreements, plans, programs and other arrangements.

(vi) No Benefit Plan that is a welfare benefit plan within the meaning of Section 3(1) of ERISA provides benefits to former employees of the Company or its ERISA Affiliates other than pursuant to Section 4980B of the Code or similar state laws. The Company and its ERISA Affiliates have complied in all material respects with the provisions of Part 6 of Title I of ERISA, Sections 4980B, 9801, 9802, 9811 and 9812 of the Code, and the Health Insurance Portability and Accountability Act (including regulations thereunder).

(vii) The Company and its ERISA Affiliates have made full and timely payment of all amounts required to be contributed or paid as expenses, or accrued such payments in accordance with normal procedures under the terms of each Benefit Plan and applicable law.

(viii) The Company has complied in all material respects with the laws of any foreign jurisdiction with respect to any Benefit Plan or benefit arrangement maintained in such jurisdiction in which any employee or former employee of the Company participates.

Section 2.9 ***Contracts; No Defaults.*** (a) *Schedule 2.9(a)* contains a listing of all Contracts described in clauses (i) through (x) below to which the Company or any of its Subsidiaries is a party (the "*Company Material Contracts*"). True, correct and complete copies of contracts referred to in clauses (i)-(x) below have been delivered to or made available to Acquiror and its agents and representatives.

(i) Each Contract which involves performance of services or delivery of goods and/or materials by or to the Company or any its Subsidiaries of an amount or value in excess of $250,000 per annum and which is not terminable upon thirty days' or fewer notice;

(ii) Each note, debenture, other evidence of Indebtedness, (including, without limitation, all evidences of Indebtedness owed to the Company by any officer, director or employee of the Company or any of its Subsidiaries, other than pursuant to ordinary course loans for travel and relocation advances and draws on future commissions), guarantee, loan, credit or financing agreement or instrument or other Contract for money borrowed, including any agreement or commitment for future loans, credit or financing;

(iii) Each Contract not in the ordinary course of business involving expenditures or receipts of the Company or any its Subsidiaries in excess of $250,000 per annum or which is not terminable upon thirty days' or fewer notice;

(iv) Each lease, rental or occupancy agreement, license, installment and conditional sale agreement, and other Contract affecting the ownership of, leasing of, title to, use of, or any leasehold or other interest in, any real or personal property and involving aggregate payments in excess of $100,000 per annum and which is not terminable upon thirty days' or fewer notice;

(v) Each joint venture Contract, partnership agreement, or limited liability company agreement;

(vi) Each Contract explicitly requiring capital expenditures after the date hereof in an amount in excess of $250,000 per annum and which is not terminable upon thirty days' or fewer notice;

(vii) Each Contract listed on *Schedule 2.24*;

(viii) Each Contract requiring the Company or any of its Subsidiaries to provide in kind consideration involving an amount or value in excess of $100,000;

(ix) Each Contract restricting in any way the ability of the Company or any Subsidiary to engage in any business in any manner or in any geographic area; and

(x) Each Contract pursuant to which the Company or any of its Subsidiaries is obligated to a third party to develop any product or technology other than coupon books.

(b) Except as set forth on *Schedule 2.9(b)* and except as would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole, all the Company Material Contracts are (i) in full force and effect and (ii) represent the legal, valid and binding obligations of the Company or the Subsidiary party thereto and, to the knowledge of the Company, represent the legal, valid and binding obligations of the other parties thereto. Except for those Company Material Contracts denoted with an asterisk (*) as set forth on *Schedule 2.9(a)*, no Company Material Contract requires the consent (each, a "*Third Party Consent*") of any other contracting party to prevent a breach of, a default under, or a termination, adverse change in the terms or

conditions or adverse modification of, or the acceleration of any Indebtedness or other obligations under, any Company Material Contract as a result of the consummation of the transactions contemplated hereby. Except as set forth on *Schedule 2.9(b)*, all of the Company Material Contracts are enforceable in accordance with their terms except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally and subject as to enforceability, to general principles of equity. Except as set forth on *Schedule 2.9(b)*, the Company and its Subsidiaries are not in default under such Company Material Contracts and, to the Company's knowledge, (i) no other party is in default under such Company Material Contracts, and (ii) no event has occurred and no condition or state of facts exists which, with the passage of time or the giving of notice or both, would constitute such a default. No written notice of any claim of default has been given to the Company or its applicable Subsidiary with respect to any Company Material Contract. Except as set forth on *Schedule 2.9(b)*, the Company has not received written notice of any intent by any party to any Company Material Contract to terminate or materially amend the terms thereof or to refuse to renew any such Company Material Contract upon expiration of its term. The Company is not currently paying liquidated damages in lieu of performance under any Company Material Contract.

Section 2.10 ***Absence of Certain Changes.*** Except as (a) disclosed in *Schedule 2.10* or (b) contemplated by this Agreement, since September 30, 2002, the Company has operated its business in the ordinary course and substantially in accordance with past practice and there has not been any Material Adverse Effect on the Company and its Subsidiaries, taken as a whole. Without limiting the generality of the foregoing, except as disclosed in *Schedule 2.10*, neither the Company nor any of its Subsidiaries has:

(a) declared, paid or set aside for payment any dividends or made any other distribution (whether in cash, stock or other property) in respect of any capital stock, or other membership or ownership interest in, or other equity securities of, the Company or any of its Subsidiaries (other than any dividend or other distribution made by any Subsidiary of the Company to the Company or another Subsidiary);

(b) redeemed, repurchased or otherwise acquired for any consideration any outstanding shares of capital stock, or other membership or ownership interests in, or other equity securities of the Company or any of its Subsidiaries, or any securities which are convertible into or exchangeable or exercisable therefor;

(c) amended any provision of the Certificate of Incorporation or Bylaws of the Company or any of its Subsidiaries, or any material term of any outstanding security issued by the Company or any such Subsidiary;

(d) incurred, assumed or guaranteed any Indebtedness for borrowed money, other than borrowings under existing short-term credit facilities;

(e) adopted any change in any method of accounting or accounting practice used by the Company or any Subsidiary of the Company, except for any such change required by reason of a change in GAAP and, if such change occurred on or prior to the date hereof, set forth on *Schedule 2.10(e)*;

(f) (1) granted any severance or termination pay to any director, officer or employee of the Company or any Subsidiary of the Company, (2) entered into any employment, deferred compensation or other similar agreement with (or any amendment to any such existing agreement) any director, officer or employee of the Company or any Subsidiary of the Company, (3) increased the benefits payable under any existing severance or termination pay policies or employment agreements, or (4) increased the compensation, bonus or other benefits payable to directors, officers or employees of the Company or any Subsidiary of the Company, other than, in the case

of clauses (1) through (4), in the ordinary course of business and consistent with past practice and, if such change occurred on or prior to the date hereof, set forth on *Schedule 2.10(f)*;

(g) issued equity securities of the Company, other than pursuant to Options outstanding as of September 30, 2002;

(h) acquired or disposed of assets material to the Company or any of its Subsidiaries or acquired or disposed of capital stock of any third party (other than through mutual funds or the Company's 401(k) or other similar investments) or merged or consolidated the Company or any Subsidiary of the Company with any third party;

(i) entered into any joint venture, partnership or similar agreement with any person other than a wholly-owned Subsidiary of the Company;

(j) made any loans or advances to any Person, other than advances to employees for travel and relocation expenses and draws on future commissions, all in the ordinary course of business and in accordance with past practice;

(k) entered into any exclusive license, distribution, marketing, sales or other exclusive agreement or any agreement to enter into any exclusive license, distribution, marketing, sales or other exclusive agreement; or

(l) entered into any agreement to do any action prohibited hereunder, or otherwise become obligated to do any action prohibited hereunder.

Section 2.11 ***Absence of Certain Activities.*** Except as set forth on *Schedule 2.11*, since September 30, 2002, there has not been:

(a) any damage, destruction or loss with respect to any material asset owned, leased or otherwise used by the Company, whether or not covered by insurance;

(b) any waiver by the Company or any of its Subsidiaries of a valuable right or of a material debt owed to it;

(c) any satisfaction or discharge of any Lien or payment of any obligation by the Company or any of its Subsidiaries, except such a satisfaction, discharge or payment made in the ordinary course of business and consistent with past practice that has not had a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole;

(d) any material change or material amendment to a Company Material Contract, except for changes or amendments which are expressly provided for or disclosed in this Agreement; or

(e) any creation or assumption by the Company or any of its Subsidiaries of any Lien on any of their material assets, other than Permitted Liens.

Section 2.12 ***Title to Assets.*** Except as set forth on *Schedule 2.12*, the Company or one of its Subsidiaries owns and has good title to all material assets and properties reflected on the books of the Company and its consolidated Subsidiaries as owned by the Company or its consolidated Subsidiaries (except as sold or otherwise disposed of in the ordinary course of business), free and clear of all Liens other than Permitted Liens and, in the case of the Company's leased properties or properties held under license, it holds a good and valid leasehold or license interest in, all of such properties and assets. All of the tangible assets of the Company and each of its Subsidiaries necessary to operate the Company's business in substantially the same manner as it has heretofore been conducted are, or will be as of the Closing, in all material respects, in reasonably serviceable operating condition and repair and all of the tangible assets that the Company and its Subsidiaries own, use or have the legal right to use are adequate and sufficient for the conduct of the Company's business in substantially the same

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manner as it has heretofore been conducted. The representations in this Section 2.12 do not apply to the Company Intellectual Property as to which only the representations in Section 2.13 shall apply.

Section 2.13 ***Intellectual Property; Software.*** (a) *Certain Definitions*. As used herein, the term "*Intellectual Property*" means all intellectual property rights arising from or associated with the following, whether protected, created or arising under the laws of the United States or any other jurisdiction: (i) trade names, trademarks and service marks (registered and unregistered), domain names and other Internet addresses or identifiers, trade dress and similar rights and applications (including intent to use applications) to register any of the foregoing (collectively, "*Marks*"); (ii) patents and patent applications, including continuation, divisional, continuation-in-part, reexamination and reissue patent applications and any patents issuing therefrom, and rights in respect of utility models or industrial designs (collectively, "*Patents*"); (iii) copyrights and registrations and applications therefor (collectively, "*Copyrights*"); (iv) know-how, inventions, discoveries, improvements, concepts, ideas, methods, processes, designs, plans, schematics, drawings, formulae, technical data, specifications, research and development information, technology and product roadmaps, data bases and other proprietary or confidential information, including customer lists, in each case that is maintained as confidential and that derives economic value (actual or potential) from not being generally known to other persons who can obtain economic value from its disclosure, but excluding any Copyrights or Patents that cover or protect any of the foregoing (collectively, "*Trade Secrets*"); and (v) moral rights, publicity rights and any other proprietary, intellectual or industrial property rights of any kind or nature that do not comprise or are not protected by Marks, Patents, Copyright, Trade Secrets.

(b) *Trademarks*. *Schedule 2.13(b)* sets forth sets forth an accurate and complete list of all registered and material unregistered Marks owned (in whole or in part) or exclusively licensed by the Company and its Subsidiaries (collectively "*Company Marks*"), and specifically lists all registrations and applications for registration with all Governmental Authorities that have been obtained or filed with regard to such Marks, identifying for each (i) its registration (as applicable) and application numbers, (ii) whether it is owned by or exclusively licensed to the Company or one of its Subsidiaries, (iii) its current status and (iv) the class(es) of goods or services to which it relates. All material Company Marks registered in the United States and for which applications to register have been filed in the United States have been continuously used in all material respects (except for any discontinuance in use that would not result in the abandonment of such Company Mark) in the form appearing in, and in connection with, the goods and services listed in their respective registration certificates and applications therefor, respectively. To the knowledge of the Company, there have been no prior use of any material Company Mark in the United States by any third party that would confer upon such third party superior rights in such Company Mark with respect to the same or similar goods and services. Except as may be set forth on *Schedule 2.13(b)*, no Company Mark is now involved in any pending opposition or cancellation proceeding and no written (including without limitation by email) notice has been received by the Company that threatens any such action in the future with respect to any of the Company Marks and no oral notice has been received in the twelve month period prior to the date hereof that threatens any such action in the future with respect to any of the Company Marks other than an oral notice regarding an action that could not reasonably be expected to materially affect the Company's rights and priority with respect to such Company Mark.

(c) *Patents*. *Schedule 2.13(c)* sets forth an accurate and complete list of all Patents in which the Company or one of its Subsidiaries has an ownership interest or which have been exclusively licensed to the Company or one of its Subsidiaries (collectively the "*Company Patents*"), identifying for each of the Patents (i) the patent number and issue date (if issued) or application number and filing date (if not issued), (ii) its title, (iii) the named inventors and (iv) whether it is owned by or exclusively licensed to the Company or one of its Subsidiaries. Except as may be set forth on *Schedule 2.13(c)*, no Company Patent has been or is now involved in any interference, reissue or

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reexamination proceeding and, no written (including without limitation by email) notice has been received by the Company that threatens any such action in the future with respect to any of the Company Patents and no oral notice has been received in the twelve month period prior to the date hereof that threatens any such action in the future with respect to any of the Company Patents other than an oral notice regarding an action that could not reasonably be expected to materially affect the Company's rights and priority with respect to such Company Patent. To the knowledge of the Company, there is no patent of a third party interfering with any Company Patent.

(d) *Copyrights.* *Schedule 2.13(d)* sets forth an accurate and complete list of all registered Copyrights owned (in whole or in part) by or exclusively licensed to the Company, and all pending applications for registration of Copyrights filed anywhere in the world that are owned (in whole or in part) by or exclusively licensed to the Company or one of its Subsidiaries (collectively the "*Company Registered Copyrights*").

(e) *Actions to Protect Intellectual Property.* The Company and its Subsidiaries have taken commercially reasonable steps in accordance with standard industry practices to protect their respective rights in the Intellectual Property owned or purported to be owned by the Company or its Subsidiaries and to maintain the confidentiality of all of the Trade Secrets of the Company. Without limiting the foregoing, the Company and its Subsidiaries have and enforce in all material respects a policy requiring employees, consultants and contractors to which material Trade Secrets of the Company are disclosed to enter into confidentiality agreements substantially in the Company's standard forms and all such employees, consultants and contractors of the Company have executed such an agreement. Except as may be set forth on *Schedule 2.13(e)*, neither the Company nor any of its Subsidiaries has disclosed, nor is any of them under any contractual or other obligation to disclose, to another person (other than employees of the Company or any of its Subsidiaries) any of its material Trade Secrets, except pursuant to a confidentiality agreement or undertaking, and, to the knowledge of the Company, no such person has materially breached any such agreement or undertaking.

(f) *Ownership of Intellectual Property.* Except as may be set forth on *Schedule 2.13(f)*, the Company and its Subsidiaries own exclusively (except as set forth in *Schedule 2.13(f)*) all right, title and interest in and to all of the Intellectual Property that is used by the Company or any of its Subsidiaries and that is not validly licensed from a third party pursuant to a license agreement between such third party and the Company or such Subsidiary, as applicable, and that is necessary to conduct the Company's business in substantially the same manner as it has heretofore been conducted (collectively, the "Company-Owned Intellectual Property"), free and clear of any and all Liens (other than Permitted Liens), and neither the Company nor any of its Subsidiaries has received any written (including without limitation by email) notice or claim or, within the twelve month period prior to the date hereof, any oral notice (other than an oral notice as to a claim that would not reasonably be expected to materially adversely affect interest or rights of the Company or any of its Subsidiaries with respect to the Company-Owned Intellectual Property to which such claim relates): (1) challenging the Company's or such Subsidiary's ownership of any of the Company-Owned Intellectual Property, (2) challenging the Company's or such Subsidiary's exclusive rights in any of the Intellectual Property that is exclusively licensed by a third party to the Company or any such Subsidiary, or (3) asserting that any other person that is not identified in *Schedule 2.13(f)* as joint owner thereof has any claim of legal or beneficial ownership with respect thereto. To the Company's knowledge, no current or former officer, director or employee of the Company or any of its Subsidiaries has any right, license, claim or interest whatsoever in or with respect to any Company-Owned Intellectual Property or any other Intellectual Property used by the Company in its business as currently conducted.

(g) *Validity and Enforceability.* Except as may be set forth in *Schedule 2.13(g)*, neither the Company nor any of its Subsidiaries has received any written (including without limitation by email) notice or claim or, within the twelve month period prior to the date hereof, any oral notice (other than an oral notice as to a claim that could not reasonably be expected to materially adversely affect the validity or enforceability of the Company Registered IP (as defined below) to which such claim relates) asserting that any of the registered Company Marks, Company Patents and Company Registered Copyrights (collectively, the "*Company Registered IP*") is invalid or unenforceable or has been misused. To the knowledge of the Company, the Company Registered IP is valid and enforceable, without any material qualification, limitation or restriction thereon or on the use thereof (provided, however, that no representation or warranty is made regarding the validity or enforceability of any application for any Company Registered IP).

(h) *Status and Maintenance of Company Registered IP.* Except as may be set forth in *Schedule 2.13(h)*, (i) neither the Company nor any of its Subsidiaries has taken any action or failed to take any action (including the manner in which it has conducted the business, or used or enforced, or failed to use or enforce, any of the Company Registered IP) that would result in the abandonment, cancellation, forfeiture, relinquishment, invalidation or unenforceability of any registered Company Marks, Company Copyrights or Company Patents that, if owned by Company and in existence on the date hereof, would constitute Company Registered IP, except where such action or failure to take action was with respect to any registered Company Mark, Company Copyright or Company Patent that was not material to the business as conducted at such time or that was otherwise of insufficient value or benefit to warrant the Company incurring the costs and taking the actions required to maintain such registered Intellectual Property in effect, or was intentional on the part of the Company or any of its Subsidiaries (including but not limited to with respect to the intentional abandonment of or failure to renew any Company Registered IP) based on a management determination that such registered Intellectual Property was not material to the business as conducted at such time or otherwise of insufficient value or benefit to warrant the Company incurring the costs and taking the actions required to maintain such registered Intellectual Property in effect, and (ii) all material Company Registered IP has been registered or obtained in accordance with all applicable legal requirements and is currently in effect and in compliance with all applicable legal requirements (including, in the case of registered Company Marks, the timely post-registration filing of affidavits of use and incontestability and renewal applications), except where such instances of non-compliance would not have, either individually or in the aggregate, a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole, and expressly excluding, in the case or any Company Registered IP, the recordation with the relevant governmental intellectual property authority of the current ownership of such Company Registered IP to the extent such failure to record the current ownership is described in *Schedule 2.13(h)*. No filing, examination, issuance, post registration and maintenance fees, annuities and the like associated with or required with respect to any of the material Company Registered IP are currently past due.

(i) *License Agreements.* *Schedule 2.13(i)* sets forth a complete and accurate list of all agreements granting to the Company and/or any of its Subsidiaries any material right under or with respect to any Intellectual Property and that (i) require payment by the Company and/or any of its Subsidiaries of an annual license and/or support fee of more than $50,000 or (ii) are used in connection with operation of the Company's online properties or in the management of customer memberships and that do not constitute: (A) "shrink-wrap" software, (B) software that is pre-loaded on or embedded in information technology hardware, (C) standard desktop software applications used generally in the Company's or such Subsidiary's operations or (D) software that is commercially available for a license fee of less than $5,000 (collectively, the "*Inbound License Agreements*"), indicating for each the title and the parties thereto. Except as may be set forth on *Schedule 2.13(i)(1)*, the consent of the respective licensors is not required to prevent a breach of, a

default under, or a termination, adverse change in the terms or conditions or adverse modification of, any Inbound License Agreement as a result of the consummation of the transactions contemplated hereby. No loss or expiration of any material Intellectual Property licensed to the Company or any of its Subsidiaries pursuant to an Inbound License Agreement is pending or, to the knowledge of the Company, reasonably foreseeable or threatened. *Schedule 2.13(i)(2)* sets forth a complete and accurate list of all license agreements under which the Company or any of its Subsidiaries grants any material rights under any Company-Owned Intellectual Property.

(j) *Sufficiency of IP Assets.* The Company-Owned Intellectual Property and the Intellectual Property licensed to the Company and its Subsidiaries under license agreements constitute all the material Intellectual Property rights necessary for the conduct of the business of the Company and its Subsidiaries as it is currently conducted.

(k) *No Notice of Infringement by the Company and its Subsidiaries or Third Parties; No Violations.* Except as may be set forth on *Schedule 2.13(k)*, neither the Company nor any of its Subsidiaries has received any written (including by email) notice or written claim asserting that any of the products, services (including services offered to any users of the websites of the Company or any its Subsidiaries), methods, processes, services or other technology or materials, or any other Intellectual Property, developed, used, leased, licensed, displayed, published, sold, imported or otherwise distributed or disposed of, or otherwise commercially exploited by or for the Company and its Subsidiaries, nor any other activities or operations of the Company and its Subsidiaries, infringes upon, misappropriates, violates, dilutes or constitutes the unauthorized use of, any Intellectual Property or personal information of any third party or constitutes unfair competition or trade practices under the laws of any jurisdiction, and no such infringement, misappropriation, violation, dilution or unauthorized use, unfair competition or trade practices, in each case, that is material, is or may be occurring or has or may have occurred that is material to the Company. No Intellectual Property owned by the Company or any of its Subsidiaries is subject to any outstanding governmental or judicial order, judgment, decree or stipulation restricting the use thereof by the Company or such Subsidiary or, in the case of any Intellectual Property licensed to others, restricting the sale, transfer, assignment or licensing thereof by the Company or any of its Subsidiaries to any person, except where such restrictions would not have a Material Adverse Effect on the Company and is Subsidiaries, taken as a whole. To the Company's knowledge, no third party is misappropriating, infringing, diluting or violating any material Intellectual Property owned by or exclusively licensed to the Company or any of its Subsidiaries. Except as may be set forth on *Schedule 2.13(k)* , no (i) product, technology, service or publication of the Company or any of its Subsidiaries, (ii) material published or distributed by the Company or any of its Subsidiaries or (iii) conduct or statement of the Company or any of its Subsidiaries constitutes obscenity, defames any person in any material respect, constitutes materially false advertising or otherwise violates in any material respect any law or regulation, nor has the Company or any of its Subsidiaries received any written (including without limitation by email) or oral notice asserting any of the foregoing, in the case of an oral notice, other than an oral notice as to a claim that could not reasonably be expected to have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole.

(l) *Source Code; Disaster Recovery Plans.* No source code of any proprietary software of the Company or any of its Subsidiaries that is used in connection with operation of the Company's online properties or in the management of customer memberships has been licensed or otherwise provided to another person and all such source code has been safeguarded and protected in all material respects as Trade Secrets of the Company or one of its Subsidiaries. The Company and its Subsidiaries have in place commercially reasonable disaster recovery plans with respect to the information technology systems located at the Company's Troy, Michigan data center.

(m) *Use of User Data.*

(i) The Company's and its Subsidiaries' use, license, sublicense and sale of any User Data (as defined below) collected from users of any website of the Company or any of its Subsidiaries have complied in all material respects with the Company's and its Subsidiaries' published privacy policy in effect at the time such User Data was collected (collectively, the "*Privacy Policies*").

(ii) Except for restrictions in the Privacy Policies disclosed on the respective websites of the Company and its Subsidiaries as of the date of this Agreement, or pursuant to any applicable laws that relate to or govern the compilation, use and transfer of User Data, there shall be no restriction on the use by the Surviving Corporation of User Data collected by the Company and its Subsidiaries prior to the Closing Date.

(iii) None of the Privacy Policies prohibits the transfer of User Data to Acquiror pursuant to Acquiror's acquisition of the websites of the Company and its Subsidiaries pursuant to this Agreement.

(iv) For purposes hereof, (A) "*User Data*" means: all data that contains a Personal Element; (B) "*Personal Element*" means a natural person's full name (or last name if associated with an address), telephone number, email address, Unique Identifying Number, photograph, or any other information, alone or in combination, that allows the identification of a natural person; and (C) "*Unique Identifying Number*" means an identifier uniquely associated with a person such as a social security number, driver's license number, passport number or customer number, but excluding an identifier which is randomly or otherwise assigned so that it cannot reasonably be used to identify the person.

(n) *Employee Confidentiality Agreements.* To the knowledge of the Company, no employee or independent contractor of the Company or any of its Subsidiaries is obligated under any agreement or subject to any judgment, decree or order of any court or administrative agency, or any other restriction that would or may interfere with such employee or contractor carrying out his or her duties for the Company or such Subsidiary or that would conflict with the business of the Company as presently conducted.

Section 2.14 ***Real Property.*** There exists no Owned Real Property. *Schedule 2.14* lists all Leased Real Property, including the location of, and a brief description of the general character of the material activities conducted on, such Leased Real Property. Except as set forth on *Schedule 2.14*, the Company or one of its Subsidiaries has a valid leasehold interest in all Leased Real Property, subject only to any Permitted Liens.

Section 2.15 ***Litigation and Actions.*** Except (i) as set forth on *Schedule 2.15* and (ii) ordinary course merchant/member complaints alleging damages of less than $50,000, individually, or $400,000, in the aggregate, there are no lawsuits, actions, suits, claims or other proceedings at law or in equity, or, to the knowledge of the Company, investigations before or by any Governmental Authority (each, an "*Action*") pending or, to the knowledge of the Company, threatened, against the Company or any of its Subsidiaries, or their respective activities, properties or assets or, to the Company's knowledge, against any officer, director or employee of the Company or any of its Subsidiaries in connection with such officer's, director's or employee's relationship with, or actions taken on behalf of, the Company or such Subsidiary. Except as set forth on *Schedule 2.15*, there is no unsatisfied judgment, order or decree binding upon the Company or any of its Subsidiaries. Except as set forth on *Schedule 2.15*, there is no material Action by the Company or any of its Subsidiaries currently pending or which the

Company or any of its Subsidiaries intends to initiate. Except as set forth on *Schedule 2.15*, neither the Company nor any of its Subsidiaries has received written notice of any investigation before or by any Governmental Authority pending or threatened against the Company or any of its Subsidiaries, or their

respective activities, properties or assets or against any officer, director or employee of the Company in connection with such officer's, director's or employee's relationship with, or actions taken on behalf of, the Company.

Section 2.16 ***Labor Relations.*** (a) Except as set forth on *Schedule 2.16(a)*, neither the Company nor any of its Subsidiaries is a party to or bound by any collective bargaining agreement or any other written or oral, express or implied, contract, commitment or arrangement with any labor union, and no labor union has, to the knowledge of the Company, sought to represent any of the employees, representatives or agents of Company or any of its Subsidiaries.

(b) Except as set forth on *Schedule 2.16(b)*, there are no strikes, work stoppages or slow-downs or lock-outs pending, or to the knowledge of the Company, threatened against the Company or any of its Subsidiaries. Except as set forth in *Schedule 2.16(b)*, neither the Company nor any of its Subsidiaries has, during the two year period prior to the date of this Agreement, received any written demand letters, civil rights charges, suits, drafts of suits or other material claims from its employees.

(c) All individuals who are performing consulting or other services for the Company or any of its Subsidiaries are or were correctly classified by the Company or such Subsidiary as either "independent contractors" or "employees" as the case may be and, at the Closing Date, will qualify for such classification except to the extent any such misclassification would not result in liability to the Company or its Subsidiaries in excess of $100,000.

(d) The Company has provided to the Acquiror a true and complete list as of July 13, 2002 of the names of each employee of the Company and its U.S. and Canadian Subsidiaries, the base salary (or, if applicable, the hourly pay rates of compensation), the bonus, and the job titles for all such employees. The Company has provided to the Acquiror a true and complete list as of November 8, 2002 of the names of each employee of the Company and its U.S. and Canadian Subsidiaries and the annualized base salary (or if applicable, the hourly pay rates of compensation on an annualized basis) for all such employees. The Company has provided to the Acquiror a true and complete list of the names of each independent contractor of the Company and its U.S and Canadian Subsidiaries, the base salary (or, if applicable, the hourly pay rates of compensation) and the job titles for all such employees as of the date hereof. The Company has not received written notice that any officer or employee whose annual total cash compensation exceeds $100,000 per year, or that any group of such employees, intends to terminate his or her employment (including because of the consummation of the transactions consummated by this Agreement),

(e) To the Company's knowledge, no employee or director of the Company or any of its Subsidiaries is a party to, or is otherwise bound by, any nondisclosure, confidentiality, noncompetition, proprietary rights, employment, consulting or similar agreement, between such employee or director and any Person other than the Company or any Subsidiary that materially adversely affects or will materially adversely affect the performance of his or her duties as an employee or director of the Company or such Subsidiary.

(f) The Company and each of its Subsidiaries has withheld and reported all amounts required by applicable law or agreement to be withheld and reported with respect to wages, salaries and other payments to employees.

(g) There are no pending, or to the knowledge of the Company, threatened, claims or actions against the Company or any of its Subsidiaries under any workers' compensation policy or long-term disability policy that has had a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole.

(h) The Company has provided to the Acquiror details of all of the Company's and its Subsidiaries' obligations for management bonuses due for the fiscal years ended June 30, 2002 and

June 30, 2003. All of the Company's and its Subsidiaries obligations for management bonuses due for the fiscal year ended June 30, 2002 have been paid by the Company or its Subsidiaries.

Section 2.17 ***Legal Compliance.*** (a) Except as set forth in *Schedule 2.17(a)*, neither the Company nor any of its Subsidiaries is in violation of any provision of, or in breach of, its Articles of Incorporation or Bylaws or other organizational documents. Except with respect to (i) matters set forth on *Schedule 2.17(a)* and (ii) compliance with Environmental Laws (as to which certain representations and warranties are made pursuant to Section 2.18), the Company and its Subsidiaries have not, since November 30, 1999, violated and are in compliance with all laws (including orders, judgments or decree applicable to the Company and its Subsidiaries and securities laws and including rules and regulations under all laws) of federal, state, local and foreign governments (and all agencies thereof) and orders applicable thereto, except where such instances of non-compliance would not have, either individually or in the aggregate, a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole. Except as set forth on *Schedule 2.17(a)*, neither the Company nor any of its Subsidiaries has received any written notice to the effect that it is not in compliance with any such laws or orders.

(b) Except as set forth on *Schedule 2.17(b)*, the sales methods employed by the Company and its Subsidiaries in distributing and selling its "Summer Vacations" products are in compliance in all material respects with all applicable laws (including rules and regulations thereunder) of federal, state, local and foreign governments (and all agencies thereof) and orders applicable thereto.

(c) All coupons contained in the Company's 2003 Entertainment books comply with all applicable laws (including rules and regulations thereunder) of federal, state, local and foreign governments (and all agencies thereof) and orders applicable thereto except where such instances of non-compliance would not have, either individually or in the aggregate, a Material Adverse Effect on the Company and its Subsidiaries, take as a whole.

Section 2.18 ***Environmental Matters.*** (a) During the period that the Company and its Subsidiaries owned or leased their properties and facilities, (i) there have been no disposals, releases or threatened releases of Hazardous Materials (as defined below) on, from or under its properties or facilities by the

Company or its Subsidiaries or, to the Company's knowledge, by any third party, and (ii) other than in material compliance with applicable Environmental Law, neither the Company, any of its Subsidiaries nor, to the Company's knowledge, any third party, has used, generated, manufactured or stored Hazardous Materials on, under or about the properties or facilities of the Company or its Subsidiaries or transported any Hazardous Materials to or from its properties or facilities. Except as set forth on *Schedule 2.18*, the Company has no knowledge of any disposal or release of Hazardous Materials on, from or under any of its properties or facilities, which occurred prior to the Company or one of its Subsidiaries having taken possession of any of such properties or facilities. Except as set forth on *Schedule 2.18*, the Company and its Subsidiaries are in material compliance with all Environmental Laws. Except as set forth on *Schedule 2.18*, (i) no written notices of any violation or alleged violation of any Environmental Law relating to the operations or properties of the Company or any of its Subsidiaries have been received by the Company or any of its Subsidiaries, and (ii) there are no writs, injunctions, decrees, orders or judgments outstanding, or any actions, suits, claims, or proceedings pending or, to the knowledge of the Company, threatened, relating to compliance with or liability under any Environmental Law.

(b) For purposes of this Agreement, the terms "disposal," "release" and "threatened release" shall have the definitions assigned thereto by the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq., as amended ("*CERCLA*") but shall exclude the migration of any Hazardous Materials through soil or groundwater. For the purposes of this Agreement, "*Hazardous Materials*" shall mean any hazardous or toxic substance, material or waste which is regulated under, or defined as a "hazardous substance," "pollutant," "contaminant," "toxic chemical," "hazardous material," "toxic substance" or "hazardous chemical"

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under (i) CERCLA; (ii) the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. Section 11001 et seq.; (iii) the U.S. Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; (iv) the U.S. Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq.; (v) the U.S. Occupational Safety and Health Act of 1970, 29 U.S.C. Section 651 et seq.; (vi) regulations promulgated under any of the above statutes or (vii) any applicable state or local statute, law, ordinance, rule, or regulation that has a scope or purpose similar to those statutes identified above.

Section 2.19 ***Taxes.*** Except as otherwise disclosed in *Schedule 2.19:*

(a) All federal, state, local and foreign Tax Returns of the Company and any of its Subsidiaries required to be filed have been duly and timely filed, except for those returns for which the time for filing thereof has been validly extended. All such Tax Returns are correct and complete in all respects and do not contain a disclosure statement under Section 6662 of the Code (or any predecessor provision or comparable provision of state, local or foreign law).

(b) All Taxes that are due and payable have been timely and appropriately paid, except for amounts being contested in good faith by appropriate proceedings.

(c) No assessment, audit or other proceeding by any taxing authority, court or other governmental or regulatory authority is proposed, pending, or, to the knowledge of the Company, threatened with respect to the Taxes or Tax Returns of the Company or any of its Subsidiaries. No claim has been made by any taxing authority in any jurisdiction where the Company or any Subsidiary does not file Tax Returns that it is or may be required to do so.

(d) There are no outstanding agreements, waivers or arrangements extending the statutory period of limitations applicable to any claim for or the period for the collection or assessment of any material Taxes due for any taxable period.

(e) No consent to the application of Section 341(f)(2) of the Code (or any predecessor thereof or any corresponding provision of state, local or foreign law) has been made or filed by or with respect to the Company or any of its Subsidiaries or any of their assets and properties.

(f) *Schedule 2.19(f)* sets forth:

(i) the taxable years of the Company and its Subsidiaries as to which the applicable statutes of limitations on the assessment and collection of Taxes have not expired;

(ii) those taxable years for which examinations by taxing authorities are presently being conducted;

(iii) those years for which notice of pending or threatened examination or adjustment has been received; and

(iv) those years for which required income Tax Returns have not yet been filed.

(g) All deficiencies asserted or assessments made against the Company and its Subsidiaries as a result of any examinations by any taxing authority have been fully paid or are being contested and an adequate reserve therefor has been established and is fully reflected in the September 2002 Balance Sheet.

(h) There are no liens for Taxes (other than for current Taxes not yet due and payable) upon the assets of the Company or any of its Subsidiaries.

(i) The Company and its Subsidiaries are not parties to or bound by any tax indemnity, tax sharing or tax allocation agreement.

(j) The Company and its Subsidiaries are not parties to or bound by any closing agreement or offer in compromise with any taxing authority.

(k) The Company and its Subsidiaries have never been members of an affiliated group of corporations, within the meaning of Section 1504 of the Code (or any predecessor provision or comparable provision of state, local or foreign law), or members of combined, consolidated or unitary group for state, local or foreign Tax purposes, other than the group of which the Company is the common parent, and the Company and its Subsidiaries have no liability for Taxes of any person (other than the Company and its Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any corresponding provision of state, local or foreign income Tax law), as transferee or successor, by contract, or otherwise;

(l) The Company and its Subsidiaries have not agreed to make, nor are they required to make, any adjustment under Sections 481(a) or 263A of the Code or any comparable provision of state or foreign tax laws by reason of a change in accounting method or otherwise.

(m) The Company and its Subsidiaries are not parties to any agreement, contract, arrangement or plan that has resulted or would result, separately or in the aggregate, in connection with this Agreement or any change of control of the Company and its Subsidiaries, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

(n) *Schedule 2.19(n)* sets forth all foreign jurisdictions in which the Company and each of its Subsidiaries are subject to tax, are engaged in business or have a permanent establishment.

(o) The Company and its Subsidiaries are not parties to any joint venture, partnership, or other arrangement or contract which could be treated as a partnership for federal income tax purposes.

(p) The provisions for Taxes currently payable on the September 2002 Balance Sheet are at least equal, as of the date thereof, to all unpaid Taxes of the Company and the Subsidiaries, whether or not disputed.

(q) With respect to the acquisition of the Company on November 30, 1999, Entertainment Publications (Cayman), Inc. and Cendant Membership Services, Inc. made a valid and timely joint election pursuant to section 338(h)(10) of the Code (the "*338(h)(10) Election*") to treat the acquisition of the stock of the Company as an asset acquisition for federal income tax purposes, and neither the Company nor any of the Company Principal Shareholders has taken any action that would cause the 338(h)(10) Election to be invalid.

(r) The Company's net operating losses for U.S. federal income tax purposes as of September 30, 2002 were no less than $19,000,000. There is currently no limitation on the utilization of net operating losses, capital losses, built-in losses, tax credits or similar items of the Company under Sections 269, 382, 383, 384 or 1502 of the Code and the Treasury regulations thereunder. For the avoidance of doubt, the Company is making no representation as to any limitation on the utilization of net operating losses, capital losses, built-in losses, tax credits or similar items that may apply as a result of the transaction contemplated by this Agreement.

Section 2.20 ***Governmental Authorities: Consents.*** No consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority is required on the part of the Company with respect to the Company's execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby, except for (i) applicable requirements of the HSR Act or any similar foreign law, (ii) the provisions of the Securities Act and the Exchange Act, (iii) the filing of the Certificate of Merger with the Michigan Department of Consumer and Industry Services, Corporation Division and appropriate documents with the relevant authorities of other states in which the Company or any of its Subsidiaries is qualified to do business, (iv) any securities or "blue

sky" laws of any state or country other than the federal securities laws of the United States ("*Blue Sky Laws*"), and (v) as otherwise disclosed in *Schedule 2.20*.

Section 2.21 ***Licenses, Permits and Authorizations.*** Schedule 2.21 contains a list of all licenses, franchises and other permits of or with any Governmental Authority which are held by the Company or any of its Subsidiaries (collectively, "*Permits*"). All such Permits are in full force and effect and there are no proceedings pending or, to the knowledge of the Company, threatened, that seek the revocation, cancellation, suspension or adverse modification thereof, except to the extent such revocation, cancellation, suspension or adverse modification would not have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole. Such Permits constitute all of the material licenses, approvals, consents, franchises and permits necessary to permit the Company and its Subsidiaries to own, operate, use and maintain their assets in the manner in which they are now operated and maintained and to conduct the business of the Company and its Subsidiaries as currently conducted, except where the absence of any such license, approval, consent franchise or permit would not have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole. Such Permits will not be materially adversely affected by the completion of the transactions contemplated by this Agreement.

Section 2.22 ***Insurance.*** *Schedule 2.22* contains a summary description of all policies of property, fire and casualty, product liability, workers' compensation, and other forms of insurance held by the Company or any of its Subsidiaries. True, correct and complete copies of such insurance policies have been made available to Acquiror. All insurance policies are in full force and effect and insure the Company and its Subsidiaries in reasonably sufficient amounts as determined in the reasonable judgment of the Company. Except as set forth on *Schedule 2.22*, neither the Company nor any of its Subsidiaries has any self-insurance or co-insurance programs.

Section 2.23 ***Brokers' Fees.*** Except for the fees described on *Schedule 2.23* (which fees shall be paid by the Holder Representative as a Holder Allocable Expense), no broker, finder, investment banker or other Person is entitled to any brokerage fee, finders' fee or other commission in connection with the transactions contemplated by this Agreement based upon arrangements made by the Company or any of its Subsidiaries, or their Affiliates.

Section 2.24 ***Transactions with Certain Persons.*** Except (i) as set forth on *Schedule 2.24*, and (ii) ordinary course travel and relocation advances made by the Company and draws on future commissions consistent with past practice, no Company Principal Shareholder, director, officer, partner, employee, Affiliate or "associate" (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*")) of the Company (a) owes or is owed any monies to or from or has outstanding any Indebtedness or other similar obligations to the Company, (b) is a party to any contract, arrangement or understanding with the Company (other than any employment-related contracts, arrangements and understandings or Benefit Plans or similar contracts, arrangements or understandings made in the ordinary course of business) or (c) owns or has any rights or, with respect to any director, officer or employee, any material rights, in any assets (including, without limitation, Intellectual Property), properties, licenses or right which are used or leased by the Company in the conduct of its business.

Section 2.25 ***Accounts Receivable.*** The accounts receivable set forth on the September 2002 Balance Sheet represent bona fide claims of the Company against debtors for products sold or services performed or other charges arising on or before the date hereof and have been prepared in accordance with GAAP, subject to normal year-end adjustments and the absence of footnotes. Except as set forth on *Schedule 2.25*, neither the Company nor any of its Subsidiaries has received written notice of any claim or right of setoff with respect to such accounts receivable.

Section 2.26 ***Certain Business Practices.*** None of the Company or any of its Subsidiaries or, to the knowledge of the Company, any of its directors, officers, agents or employees or any of their Affiliates has, in each case in connection with the conduct of the business of the Company and its

Subsidiaries, (a) used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses, including without limitation, expenses related to political activity, (b) made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns, made any bribes or kickback payments or violated any provision of the Foreign Corrupt Practices Act of 1977, as amended, or (c) made any other unlawful payment.

Section 2.27 ***Books and Records.*** Since November 30, 1999, the Company and its Subsidiaries have made and kept (and given Acquiror access to) books and records and accounts which are true and correct in all material respects and which accurately reflect in all material respects the activities of the Company and its Subsidiaries since November 30, 1999. The minute books of the Company and its Subsidiaries for periods after November 30, 1999 previously made available to Acquiror accurately and fairly reflect in all material respects all action previously taken by the shareholders, board of directors and committees of the board of directors of the Company and its Subsidiaries since November 30, 1999. The copies of the stock book records of the Company and its Subsidiaries previously made available to Acquiror are true and correct and complete in all material respects and accurately reflect in all material respects all transactions effected in the stock of the Company and its Subsidiaries from November 30, 1999 through and including the date hereof.

Section 2.28 ***Bank Accounts.*** *Schedule 2.28* contains a true, correct and complete list of all bank accounts maintained by the Company and its Subsidiaries, including each account number and the name and address of each bank and the name of each person who has signature power with respect to each such account.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF ACQUIROR AND MERGER SUB

Acquiror and Merger Sub represent and warrant to the Company as of the date of this Agreement as follows, which representations and warranties are, as of the date hereof, and will be, as of the Closing Date, true and correct (except to the extent such representation or warranties speak as of an earlier date or time):

Section 3.1 ***Corporate Organization.*** Each of Acquiror and Merger Sub has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority to own or lease its assets and properties and to conduct its business as it is now being conducted and to perform all its obligations under this Agreement and the Ancillary Agreements, including, in the case of Acquiror, the issuance of the Acquiror Common Stock comprising the Stock Merger Consideration by Acquiror in connection with the Merger. The copies of the Articles of Incorporation and Bylaws of each of Acquiror and Merger Sub previously delivered by Acquiror to the Company are true, correct and complete. Each of Acquiror and Merger Sub is duly licensed or qualified and in good standing as a foreign corporation in all jurisdictions in which its ownership of property or the character of its activities is such as to require it to be so licensed or qualified, except where failure to be so licensed or qualified would not have a Material Adverse Effect on Acquiror and its Subsidiaries, taken as a whole.

Section 3.2 ***Due Authorization.*** Each of Acquiror and Merger Sub has all requisite corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is a party and to perform all obligations to be performed by it hereunder and thereunder, including the issuance of the shares of Acquiror Common Stock comprising the Stock Merger Consideration by Acquiror in connection with the Merger. The execution and delivery of this Agreement and the Ancillary Agreements to which it is a party, and the consummation of the transactions contemplated hereby and thereby, including, in the case of Acquiror, the issuance of the Acquiror Common Stock comprising the Stock Merger Consideration by Acquiror in connection with the Merger, have been duly and validly authorized and approved by the Executive Committee of the Board of Directors of

Acquiror and by the Board of Directors of Merger Sub, and approved by the shareholder of Merger Sub, and no other corporate proceeding on the part of Acquiror, its stockholders or Merger Sub is necessary to authorize this Agreement or the Ancillary Agreements or the transactions contemplated thereby. Each of this Agreement and the Ancillary Agreements to which it is a party have been, or will be, duly and validly executed and delivered by each of Acquiror and Merger Sub, as applicable, and each of this Agreement and the Ancillary Agreements to which it is a party constitutes, or will constitute, a valid and binding obligation of each of Acquiror and Merger Sub, as applicable, enforceable against each of Acquiror and Merger Sub, as applicable, in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

Section 3.3 ***No Conflict.*** Neither Acquiror nor Merger Sub is in violation of any provision of, or in breach of its respective Certificate or Articles of Incorporation or Bylaws. Except as set forth in *Schedule 3.3* and subject to Section 3.6 hereof, the execution and delivery by each of Acquiror and Merger Sub of this Agreement and the Ancillary Agreements to which it is a party, as applicable, and the consummation of the transactions contemplated hereby and thereby including, in the case of Acquiror, the issuance of the Acquiror Common Stock comprising the Stock Merger Consideration by Acquiror in connection with the Merger, do not and will not result in any violation or breach of (i) the respective Certificate or Articles of Incorporation or Bylaws of Acquiror or Merger Sub, (ii) any material law, rule or regulation of any Governmental Authority applicable to Acquiror or its Subsidiaries, (iii) any agreement, indenture or other instrument to which Acquiror or Merger Sub is a party or by which Acquiror or Merger Sub is bound, or (iv) any order, judgment or decree applicable to Acquiror or Merger Sub, except, with respect to clause (iii), to the extent that any such breach or violation would not result in a Material Adverse Effect on Acquiror and its Subsidiaries, taken as a whole.

Section 3.4 ***Acquiror SEC Documents.*** Acquiror has timely filed all required reports, registration statements, proxy statements, forms and other documents with the Securities and Exchange Commission (the "*SEC*") since January 1, 2001 (as such documents have since the time of their filing been amended or supplemented (the "*Acquiror SEC Documents*"). As of their respective dates, (i) each of the Acquiror SEC Documents (including any financial statements filed as a part thereof or incorporated by reference therein) complied in all material respects with the requirements of the Securities Act, or the Exchange Act, as applicable, and the rules and regulations of the SEC thereunder and (ii) none of the Acquiror SEC Documents contained at the time they were filed or at the time they became effective, as the case may be, any untrue statement of a material fact or omitted at the time they were filed or at the time they became effective, as the case may be, to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The consolidated financial statements of Acquiror and its Subsidiaries included in the Acquiror SEC Documents comply as to form in all material respects with applicable accounting requirements of the SEC and with the published rules and regulations of the SEC with respect thereto, and were

prepared in accordance with GAAP (except, in the case of the unaudited statements, to the extent permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto). The Registration Statements and the Prospectuses, and each amendment or supplement thereto, as of the effective date of each Registration Statement and as of the dates of the effectiveness of any amendments thereto, and as of the filing date of each Registration Statement and each Prospectus and as of the filing dates of any supplements thereto, and as of the filing dates of any documents incorporated by reference therein, and as of the date a proxy statement of the Company containing the Prospectus included in the S-4 Registration Statement (or any amendment thereof or supplement thereto) is first mailed by the Company to the Shareholders of the Company, and as of the date of the Company Shareholders' Meeting and as of the Closing Date, (i) will comply in all material respects with the requirements of

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the Securities Act, or the Exchange Act, as applicable, and the rules and regulations of the SEC thereunder, (ii) with respect to the Registration Statement, will not contain any 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) will not contain any 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, in light of the circumstances under which they were made, not misleading; *provided*, *however*, that the representations and warranties set forth in this sentence shall not be deemed to be breached as a result of (a) any information in the S-3 Registration Statement or S-3 Prospectus furnished to Acquiror by any Holder (as such term is defined in the Registration Rights Agreement) in writing expressly for use therein or (b) any information in the S-4 Registration Statement or S-4 Prospectus furnished to Acquiror by the Company, any Optionholder, Shareholder or any of their Affiliates in writing expressly for use therein. The consolidated financial statements of Acquiror and its Subsidiaries to be included in the Registration Statements and the Prospectuses (including any financial statements filed as a part thereof or incorporated by reference therein) will comply as to form in all material respects with applicable accounting requirements of the SEC and with the published rules and regulations of the SEC with respect thereto and will be prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto). Any reference in this Section 3.4 to the Registration Statements or the Prospectuses as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time and any reference herein to any amendment to a Registration Statement or any supplement to a Prospectus as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time.

Section 3.5 ***Litigation and Actions.*** Except as disclosed in Schedule 3.5, there are no lawsuits, actions, suits, claims or other proceedings at law or in equity, or, to the knowledge of Acquiror, investigations before or by any Governmental Authority pending or, to the knowledge of Acquiror, threatened, against Acquiror or any of its Subsidiaries which, if determined adversely, would reasonably be expected to or would prevent Acquiror or Merger Sub from entering into and performing its obligations under this Agreement and the Ancillary Agreements to which it is a party, including, in the case of Acquiror, issuing the Acquiror Common Stock comprising the Stock Merger Consideration in connection with the Merger. There is no unsatisfied judgment or any open injunction binding upon Acquiror or Merger Sub which would prevent Acquiror or Merger Sub from entering into this Agreement or the Ancillary Agreements to which it is a party or from consummating the transactions contemplated hereby or thereby.

Section 3.6 ***Governmental Authorities: Consents.*** No consent, approval or authorization of, or designation, declaration or filing with, any governmental authority or other third party is required on the part of Acquiror or Merger Sub with respect to Acquiror's or Merger Sub's execution, delivery or performance of this Agreement or the Ancillary Agreements to which it is a party or the consummation of the transactions contemplated hereby and thereby, including, in the case of Acquiror, the issuance of the Acquiror Common Stock comprising the Stock Merger Consideration by Acquiror to the Holders, on the Closing Date, except for (i) applicable requirements of the HSR Act or any similar foreign law, (ii) the provisions of the Securities Act and the Exchange Act, (iii) the filing of the Certificate of Merger with the Michigan Department of Consumer and Industry Services, Corporation Division and appropriate documents with the relevant authorities of other states in which the Company or any of its Subsidiaries is qualified to do business, (iv) any securities or "blue sky" laws of any state or country other than the federal securities laws of the United States ("*Blue Sky Laws*"), (v) as otherwise disclosed in *Schedule 2.20* or *Schedule 3.6* or (vi) such consents, approvals, authorizations, designations, declarations or filings the failure to obtain or make would not prevent Acquiror or Merger Sub from entering into the Agreement or the Ancillary Agreements to which it is a party or from consummating the transactions contemplated hereby or thereby, including, in the case of Acquiror, the issuance of the Acquiror Common Stock comprising the Stock Merger Consideration by Acquiror in connection with the Merger.

Section 3.7 ***Capitalization.*** (a) The authorized capital stock of Acquiror consists solely of 1,600,000,000 shares of Acquiror Common Stock, 400,000,000 shares of Class B Common Stock, par value $0.01 per share, and 100,000,000 shares of preferred stock, par value $0.01 per share. As of September 30, 2002, of Acquiror's authorized shares, 390,945,860 shares of Acquiror Common Stock were issued (including 508,336 unvested restricted shares) and 384,344,159 shares of Acquiror Common Stock were outstanding (including 508,336 unvested restricted shares), 64,629,996 shares of Class B Common Stock were outstanding, 13,118,182 shares of preferred stock were outstanding, and 6,601,701 shares of Acquiror Common Stock were held as treasury shares. As of September 30, 2002, (x) 69,311,267 shares of Acquiror Common Stock were reserved for issuance upon exercise of outstanding options to acquire Acquiror Common Stock (whether vested or unvested), and (y) 100,801,331 shares of Acquiror Common Stock were reserved for issuance pursuant to warrants, rights or other securities convertible into or exchangeable or exercisable for shares of Acquiror Common Stock. All of the issued and outstanding shares of Acquiror's capital stock have been duly authorized and validly issued and are fully paid and nonassessable. Except as set forth on *Schedule 3.7* or disclosed in the Acquiror SEC Documents, there is no commitment by Acquiror to register with the SEC any shares of its capital stock.

(b) The shares of Acquiror Common Stock to be issued hereunder have been duly authorized and validly reserved for issuance, and, when issued and delivered in accordance with the terms of this Agreement, will be duly authorized, validly issued, fully paid and non assessable and free of preemptive rights, and free and clear of all liens, claims, encumbrances, adverse interests of any kind (other than any placed thereon by one or more of the Shareholders) and free of any restriction on transfer, other than restrictions on transfer under applicable federal and state securities laws. The shares of Acquiror Common Stock will be issued in compliance with all applicable federal and state securities laws.

Section 3.8 ***Financial Ability.*** Acquiror has, and will cause Merger Sub to have, the financial resources necessary to consummate the transactions contemplated by this Agreement, including, without limitation, the ability to pay (i) the Cash Merger Consideration, as adjusted pursuant to Section 1.8(c), (ii) the Additional Cash Payment, (iii) the Retired Company Debt, (iv) the Holder Allocable Expenses and (v) the Employee Bonus Amount.

Section 3.9 ***Brokers' Fees.*** Except as set forth on *Schedule 3.9*, no broker, finder, investment banker or other Person is entitled to any brokerage fee, finders' fee or other commission in connection with the transactions contemplated by this Agreement based upon arrangements made by Acquiror or any of their Affiliates.

ARTICLE IV.
COVENANTS OF THE COMPANY

Section 4.1 ***Conduct of Business.*** From the date hereof through the Closing, the Company shall, and shall cause each of its Subsidiaries to, except as contemplated by this Agreement, or as consented to by Acquiror in writing (which consent will not be unreasonably withheld), operate its business in the ordinary course and substantially in accordance with past practice and will use its reasonable efforts not to take any action inconsistent with this Agreement. Except as contemplated hereby or as may be incidental to or in furtherance of the transactions contemplated hereby or as may have been set forth herein or in the Schedules hereto, the Company and its Subsidiaries shall use their commercially reasonable efforts to maintain the present character and quality of their businesses in all material respects, including their present operations, physical facilities, working conditions, and relationships with lessors, licensors, suppliers, customers and employees. Without limiting the generality of the foregoing, unless consented to by Acquiror in writing (which consent shall not be unreasonably

withheld), or set forth or *Schedule 4.1* hereof, the Company shall not, and the Company shall cause each of its Subsidiaries not to, except as specifically contemplated by this Agreement:

(a) incur any Indebtedness or letters of credit, or assume, guarantee, endorse (other than endorsements for deposit or collection in the ordinary course of business), or otherwise become responsible for any Indebtedness of any other Person, except for borrowings under the Revolving Loans in the ordinary course;

(b) authorize for issuance, issue, sell, deliver or agree or commit to issue, sell or deliver (whether through the issuance or granting of stock or other options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class or any other debt or equity securities or equity equivalents of the Company or its Subsidiaries or issue or grant any stock appreciation rights, stock or other options to purchase debt or equity securities of the Company or any of its Subsidiaries;

(c) split, combine or reclassify any shares of its capital stock or declare, set aside or pay any dividend or other distribution with respect to any shares of capital stock of the Company (other than any dividend or other distribution made by any Subsidiary of the Company to the Company or another Subsidiary), make any Restricted Payment, or repurchase, redeem or otherwise acquire any outstanding shares of capital stock or other equity securities of, or other ownership interests in, the Company;

(d) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization (other than the Merger) or otherwise permit its corporate existence, to be suspended, lapsed or revoked;

(e) change or amend the Articles of Incorporation, Bylaws or other organizational documents of the Company or any of its Subsidiaries, except as otherwise required by law;

(f) extend, materially modify, terminate or renew any Company Material Contract, except in the ordinary course of business;

(g) mortgage, pledge or otherwise encumber any of its material assets or material properties, sell, assign, transfer, convey, lease or otherwise dispose of any material assets or material properties except, in each case, in the ordinary course of business;

(h) (i) except as otherwise required by law, take any action with respect to the grant of any increased compensation, incentive pay, stay bonus, severance or termination pay (otherwise than pursuant to policies or agreements of the Company or its Subsidiaries in effect on the date hereof) which will become due and payable on or after the Closing Date; (ii) hire or terminate the employment of any employee of the Company or any of its Subsidiaries whose annual cash compensation exceeds $100,000 per year; or (iii) adopt or enter into any Benefit Plan or amend in any material respect any Benefit Plan;

(i) acquire by merger or consolidation with, or merge or consolidate with, or purchase substantially all of the assets of, or otherwise acquire any material assets or business of any corporation, partnership, association or other business organization or division thereof;

(j) make any material loans or material advances to any partnership, firm or corporation, or, except for expenses incurred in the ordinary course of business, to any individual;

(k) make any loans to officers of the Company or its Subsidiaries, other than ordinary course travel and relocation advances and draws on future commissions consistent with past practice;

(l) make or change any material election with respect to Taxes, enter into any closing agreement, settle any claim or assessment in respect of Taxes, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes;

(m) make any material investment of a capital nature either by purchase of stock or securities of, or contributions to capital to, any other Person;

(n) make any change not required by GAAP in any method of accounting or accounting practice or revalue any assets, including writing down the value of inventory or writing off notes or accounts receivable;

(o) enter into any Contract that would have been a Company Material Contract if effective as of the date hereof, except in the ordinary course of business;

(p) settle or compromise any pending or threatened suit, action or claim for more than $25,000 individually or $200,000 in the aggregate; or

(q) enter into any agreement, or otherwise become obligated, to do any action prohibited hereunder.

Section 4.2 ***Inspection.*** (a) Subject to confidentiality obligations and similar restrictions that are applicable to information furnished to the Company or any of its Subsidiaries by third-parties that may be in the Company's or any of its Subsidiaries possession from time to time, the Company shall, and shall cause its Subsidiaries to, afford to Acquiror and its accountants, counsel and other representatives reasonable access, during normal business hours in such a manner as not to interfere with the operations of the Company and its Subsidiaries, to all of their respective properties, books, contracts, commitments, tax returns, personnel files of current employees, records and appropriate officers and employees of the Company and its Subsidiaries, and shall furnish such representatives with all financial and operating data and other information concerning the affairs of the Company and Subsidiaries as they may reasonably request, for any reasonable purposes.

(b) Between the date hereof and the Effective Time of the Merger the Company shall furnish to Acquiror (i) within two (2) business days following completion thereof (and in any event within ten (10) days after the end of each month) an unaudited consolidated balance sheet as of the end of each such month and the related statements of operations and cash flows and (ii) within two (2) business days following preparation thereof (and in any event within twenty (20) days after the end of each fiscal quarter) an unaudited consolidated balance sheet as of the end of each such quarter and the related statements of operations, stockholders' equity (deficit) and cash flows for the quarter then ended. The financial statements delivered pursuant to clause (ii) of this Section 4.2(b) shall be prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby and in a manner consistent, in all material respects, with the preparation of the Audited Financial Statements, subject to the absence of footnotes and normal year-end adjustments. At the time of each delivery of financial statements pursuant to this Section 4.2(b), the Company will provide Acquiror with written notice of any change in any method of accounting or accounting practice required by GAAP since the last delivery of financial statements that has affected such financial statements, with a description of the manner in which the Company has implemented such change.

Section 4.3 ***No Solicitation.*** (a) The Company shall not, nor shall the Company permit any of its Subsidiaries or the Company Principal Shareholders to, nor shall any of them authorize or permit any officer, director or employee of, or any financial advisor, attorney or other advisor or representative of, the Company or any of its Subsidiaries to: (i) solicit, initiate or knowingly encourage the submission of, any Takeover Proposal (as defined below); (ii) enter into any agreement with respect to or approve or recommend, any Takeover Proposal; or (iii) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to the Company or any Subsidiary in connection with, or take any other action to knowingly facilitate the making of any proposal that constitutes, or may reasonably be expected to lead to, any Takeover Proposal. Without limiting the foregoing, it is understood that any violation of the restrictions set forth in the first sentence of this Section 4.4(a) by

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any Company Principal Shareholder, whether or not such person is purporting to act on behalf of the Company or any of its Subsidiaries or otherwise, shall be deemed to be a breach of this Section 4.4(a) by the Company. For purposes of this Agreement, "*Takeover Proposal*" means any proposal for a merger, tender offer or other business combination involving the Company or any of its Subsidiaries or any proposal or offer to acquire in any manner, directly or indirectly, an equity interest in, any voting securities of, or a substantial portion of the assets of the Company or any of its Subsidiaries, other than the transactions contemplated by this Agreement.

(b) The Company shall promptly advise Acquiror orally and in writing of (i) any Takeover Proposal or any inquiry with respect to a potential Takeover Proposal that is received by or communicated to any officer or director of the Company or, to the knowledge of the Company, any financial advisor, attorney or other advisor or representative of the Company or any other Shareholder, (ii) the material terms of such Takeover Proposal (including a copy of any written proposal) and (iii) the identity of the person making any such Takeover Proposal. The Company will use commercially reasonable efforts to keep Acquiror fully informed of the status and details, to the extent known by the Company, of any such Takeover Proposal or inquiry.

Section 4.4 ***Notification of Certain Matters.*** The Company shall give prompt notice to Acquiror of any known material failure of the Company or any of its Affiliates to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it under this Agreement or any Exhibit or Schedule. The Company shall promptly notify Acquiror of the threat or commencement of any proceeding, or any development that occurs before the Closing that has a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole. The Company shall notify Acquiror if it repays any long-term Indebtedness of the Company, other than as required pursuant to the terms of such Indebtedness.

Section 4.5 ***Australia.*** The Company shall negotiate to sell its shares in Entertainment Publications Limited and Entertainment Publications of Australia Pty Ltd. (collectively, the "*Australian J.V.*") in accordance with the terms set forth on *Exhibit 4.5* attached hereto (the "*Australia Transaction*"), subject to the approval of Acquiror of the terms of, and documents governing, the Australia Transaction. The parties acknowledge and agree that neither the failure of the Company to consummate the Australia Transaction, nor the delivery of a Purchase Notice (as defined in the Australia Agreement) by Ben Johnson pursuant to the Joint Venture Agreement between the Company and Entertainment Publications of Australia Pty Ltd. and Ben Johnson dated as of May 15, 1995, shall be deemed to be a breach of any representation or warranty or covenant of the Company contained herein.

Section 4.6 ***Company Shareholders Meeting.*** The Company shall call and hold a meeting of its Shareholders (the "*Company Shareholders' Meeting*") for the purpose of voting upon the approval of the Merger, including the appointment of Carlyle-EPI as the initial Holder Representative, and the Company shall use reasonable efforts to hold the Company Shareholders' Meeting as soon as practicable after the date on which the S-4 Registration Statement becomes effective. The Company shall provide Acquiror with a draft of the proxy statement prior to the time it is mailed to Shareholders of the Company and make any modifications thereto reasonably requested by Acquiror. The Company shall promptly notify Acquiror (i) when the date has been set for the Company Shareholders' Meeting, (ii) of the date on which the Company mails a proxy statement to its Shareholders in connection with the Company Shareholders' Meeting and (iii) when the Merger has been approved by the affirmative of the Shareholders at the Company Shareholders' Meeting.

ARTICLE V.
COVENANTS OF ACQUIROR

Section 5.1 ***Indemnification and Insurance.*** (a) From and after the Effective Time of the Merger, Acquiror agrees that it will cause the Surviving Corporation to continue to indemnify and hold harmless each present and former director and officer of the Company or any of its Subsidiaries against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the Effective Time of the Merger, whether asserted or claimed prior to, at or after the Effective Time of the Merger, to the fullest extent that the Company or any of its Subsidiaries, as the case may be, would have been permitted under applicable state law and its charter or by-laws in effect on the date hereof to indemnify such person; *provided* that any person to whom expenses are advanced provides an undertaking to the Surviving Corporation to repay such advances if it is ultimately determined that such person is not entitled to indemnification.

(b) Acquiror shall provide, or cause the Surviving Corporation to provide, for a period of not less than six (6) years after the Closing, the Company's current and former directors and officers who are currently covered by the Company's existing insurance and indemnification policy with an insurance and indemnification policy (including, without limitation, by arranging for run-off coverage, if necessary) that provides coverage for events occurring at or prior to the Effective Time of the Merger (the "*D&O Insurance*") that is not materially less favorable than the existing policy (it being acknowledged and understood that the Acquiror currently self-insures for legally indemnifiable claims and maintains liability insurance solely for claims not so indemnifiable or in circumstances in which Acquiror cannot provide indemnification and Acquiror shall be entitled to do the same for the coverage contemplated by this Section 5.1(b)), or, if substantially equivalent insurance coverage is unavailable, the most advantageous D&O Insurance obtainable for an annual premium equal to 150% of the annual premium currently in place for the Company for such insurance; provided, however, that Acquiror and the Surviving Corporation shall not be required to pay an annual premium for the D&O Insurance in excess of 150% of the annual premium currently in place for the Company for such insurance, calculated on the basis of a fair allocation of the portion of such premium if Acquiror arranges such coverage on a group basis.

Section 5.2 ***Employee Benefit Matters.*** (a) Until December 31, 2003, Acquiror shall cause to be maintained for the full-time employees and former full-time employees of the Company and its Subsidiaries as of the Closing Date, benefits and benefit levels which are, with respect to each such person in the aggregate, not materially less favorable when considered in the aggregate than the benefits and benefit levels as provided by the Company and its Subsidiaries through any Benefit Plan set forth on *Schedule 5.2* in effect as of the date hereof. Nothing contained in this Section 5.2 is intended to confer upon any Company or Subsidiary employee any right to continued employment or any right to wages or benefits at any time after the Closing Date.

(b) To the extent Acquiror does not maintain the Benefit Plans after the Closing Date, (i) solely for purposes of eligibility and vesting under the employee benefit plans of Acquiror and its Subsidiaries (including the Company and its Subsidiaries from and after the Closing Date) providing benefits to any employees after the Closing Date, each employee will be credited with his or her years of service with the Company and its Subsidiaries (and any predecessor entities thereof) before the Closing Date, to the same extent as such employee was entitled, before the Closing Date, to credit for such service under any similar Benefit Plan; (ii) with respect to the calendar year in which the Acquiror ceases to maintain any applicable Benefit Plan, each employee of the Company or any of its Subsidiaries shall be given credit for amounts paid under any Benefit Plan for purposes of applying deductibles, co-payments and out-of-pocket maximums as though

such amounts had been paid in accordance with the terms and conditions of any similar plan, program or arrangement of the Acquiror and (iii) the Acquiror shall have in effect health care and dependent care flexible spending account plans for the benefit of each Company employee who is a participant in such plan(s) as of the Closing Date, the terms of which shall (A) be substantially similar in all material respects to the flexible spending account plans sponsored as of the Closing Date by the Company and any of its Subsidiaries for such participants, (B) give full effect to, and continue in effect, salary reduction elections made under such flexible spending account plans sponsored by the Company and any of its Subsidiaries, and (C) with respect to account balances and claims paid, place such participants in the same status as such participants held under the flexible spending account plans sponsored by the Company or its Subsidiaries as of the Closing Date.

(c) The Company and its ERISA Affiliates shall continue during the period ending on the Closing to make full and timely payment of all amounts required to be contributed or paid as expenses, or accrue such payments in accordance with normal procedures under the terms of each Benefit Plan and applicable law.

Section 5.3 ***Indebtedness.*** Acquiror shall at the Closing repay any then-outstanding Indebtedness, including accrued interest, of the Company under the agreements set forth on *Schedule 5.3* and the Mezzanine Premium (the "*Retired Company Debt*"). With respect to the Retired Company Debt, prior to the Closing, the Company will cooperate with the Acquiror and any applicable lenders in connection with any arrangements proposed by Acquiror for the repayment of the Retired Company Debt, including the preparation of requests for any payment demands specifying the exact amount of principal and interest owed and the preparation of documentation with respect to the release of any Liens on assets of the Company secured by such Retired Company Debt.

Section 5.4 ***Employee Bonuses.*** Acquiror shall at the Closing pay the Employee Bonuses, net of the amount of any taxes required to be withheld from such Employee Bonuses under applicable law.

Section 5.5 ***Notification of Certain Matters.*** Acquiror shall give prompt notice to the Company of any known material failure of Acquiror or Merger Sub or any of their respective Affiliates or representatives, as applicable, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it under this Agreement or any Ancillary Agreement, Exhibit or Schedule.

Section 5.6 ***Conduct of Business.*** If the Closing Date is prior to December 31, 2002, from the Closing Date through December 31, 2002, Acquiror shall cause the Surviving Corporation and each of its Subsidiaries to, except as contemplated by this Agreement, or as consented to by the Company Principal Shareholders in writing (which consent will not be unreasonably withheld), operate its business in the ordinary course and substantially in accordance with past practice and to use its reasonable efforts not to take any action inconsistent with this Agreement. Except as contemplated hereby or as may be incidental to or in furtherance of the transactions contemplated hereby or as may have been set forth herein or in the Schedules hereto, prior to December 31, 2002, Acquiror shall cause the Surviving Corporation and its Subsidiaries to use their commercially reasonable efforts to maintain the present character and quality of their businesses in all material respects, including their present operations, physical facilities, working conditions, and relationships with lessors, licensors, suppliers, customers and employees. Without limiting the generality of the foregoing, unless consented to by the Company Principal Shareholders in writing (which consent shall not be unreasonably withheld), or set forth on *Schedule 5.6* hereof, Acquiror shall cause the Surviving Corporation and each of its Subsidiaries not to, prior to December 31, 2002, except as specifically contemplated by this Agreement:

(a) pay any dividend or other distribution with respect to any shares of capital stock of the Surviving Corporation (other than any dividend or other distribution made by any Subsidiary of the Surviving Corporation to the Surviving Corporation or another Subsidiary), make any Restricted

Payment, or repurchase, redeem or otherwise acquire any outstanding shares of capital stock or other equity securities of, or other ownership interests in, the Surviving Corporation;

(b) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization (other than the Merger) or otherwise permit its corporate existence, to be suspended, lapsed or revoked;

(c) extend, materially modify, terminate or renew any Company Material Contract, except in the ordinary course of business;

(d) mortgage, pledge or otherwise encumber any of its material assets or material properties, sell, assign, transfer, convey, lease or otherwise dispose of any material assets or material properties except, in each case, in the ordinary course of business;

(e) (i) except as otherwise required by law, take any action with respect to the grant of any increased compensation, incentive pay, stay bonus, material severance or termination pay (otherwise than pursuant to policies or agreements of the Surviving Corporation or its Subsidiaries in effect on the date hereof) which will result in additional payments by, or accrued expenses of, the Surviving Corporation or any of its Subsidiaries on or prior to December 31, 2002; (ii) hire or terminate the employment of any employee of the Surviving Corporation or any of its Subsidiaries whose annual cash compensation exceeds $100,000 per year; or (iii) adopt, enter into or amend any Benefit Plan in any material respect that will result in additional payments by, or accrued expenses of, the Surviving Corporation or any of its Subsidiaries on or prior to December 31, 2002;

(f) acquire by merger or consolidation with, or merge or consolidate with, or purchase substantially all of the assets of, or otherwise acquire any material assets or business of any corporation, partnership, association or other business organization or division thereof;

(g) make any material loans or material advances to any partnership, firm or corporation, or, except for expenses incurred in the ordinary course of business, any individual;

(h) make any loans to officers of the Surviving Corporation or its Subsidiaries, other than ordinary course travel and relocation advances and draws on future commissions consistent with past practice;

(i) make or change any material election with respect to Taxes, enter into any closing agreement, settle any claim or assessment in respect of Taxes with respect to which payment is due, or expenses are accrued, on or prior to December 31, 2002;

(j) make any material investment of a capital nature either by purchase of stock or securities of, or contributions to capital to, any other Person;

(k) settle or compromise any pending or threatened suit, action or claim, for more than $25,000 individually or $200,000 in the aggregate that will result in additional payments by, or accrued expenses of, the Surviving Corporation or any of its Subsidiaries on or prior to December 31, 2002; or

(l) enter into any agreement, or otherwise become obligated, to do any action prohibited hereunder.

Section 5.7 ***NASDAQ Delisting.*** From the date hereof until the Closing Date, Acquiror shall not take any affirmative action to cause the Acquiror Common Stock to be delisted from NASDAQ, unless contemporaneously therewith, the Acquiror Common Stock has been approved for listing on NYSE.

Section 5.8 ***Registration.*** (a) Acquiror shall promptly prepare and file with the SEC a registration statement on Form S-4 (together with all amendments thereto, the "*S-4 Registration Statement*") covering the registration under the Act of all of the Acquiror Common Stock to be issued in the

Merger, which may also be used by the Company as part of a proxy statement relating to the Company's Shareholders' Meeting to be held in connection with the Merger. Acquiror shall provide the Company with a draft of the S-4 Registration Statement and a draft of each amendment or supplement thereto, in each case prior to its filing with the SEC, and Acquiror shall make any modifications thereto with respect to descriptions contained therein related to the Company and its Subsidiaries and their respective Affiliates, Shareholders and employees, the Company's business, and the transactions contemplated hereby, reasonably requested by the Company. Acquiror shall use all reasonable efforts to have the S-4 Registration Statement declared effective under the Act as promptly as practicable after such filing, or in the alternative, with the cooperation of the Company, to cause the issuance of the Stock Merger Consideration to be exempt from the registration requirements of the Securities Act, in which event, if accomplished by Acquiror, the conditions set forth in Sections 8.1(d) and (e) shall be deemed to be satisfied. Acquiror shall also take any action (other than qualifying to do business in any jurisdiction in which it is now not so qualified) required to be taken under any applicable state securities laws in connection with the issuance of Acquiror Common Stock in the Merger. Acquiror shall furnish all information concerning Acquiror and the Company shall furnish all information concerning the Company and the Holders of Company Shares as may be reasonably requested in connection with the S-4 Registration Statement.

(b) Acquiror shall cause the Acquiror Common Stock comprising the Stock Merger Consideration to be listed on each securities exchange or quotation system on which the Acquiror Common Stock is then listed, including without limitation NASDAQ or NYSE, as applicable.

(c) From the date hereof through the Closing, Acquiror shall, as expeditiously as possible, notify the Holder Representative of any of the following events: (i) when the Registration Statements or the Prospectuses or any amendments or supplements thereto, as applicable, have been filed, and, with respect to the Registration Statements or any post-effective amendments, when the same have become effective, (ii) of the receipt by Acquiror of any comments from the SEC or from the blue sky or securities commissioner or regulator of any state with respect thereto or any request by the SEC for amendments or supplements to the Registration Statements or Prospectuses or for additional information (and Acquiror shall promptly respond to such comments or requests and file any supplements or amendments in response thereto), (iii) of the receipt by Acquiror of any written notification with respect to the suspension of the qualification of the Acquiror Common Stock comprising the Stock Merger Consideration for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (iv) the issuance by the SEC of any stop order or other suspension of the effectiveness of the Registration Statements (and Acquiror shall make every reasonable effort to obtain the withdrawal of any such order at the earliest practicable moment), or (v) the occurrence of any event or the existence of any condition or set of facts of which it has knowledge which requires the making of any changes to

the Registration Statements or related Prospectuses or any amendments or supplements thereto so that such documents will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading (and Acquiror shall prepare and file a curative supplement or amendment).

Section 5.9 ***Registration Rights Agreement.*** Acquiror shall permit each Holder to become a party to the Registration Rights Agreement during the period commencing on the date of the Company Shareholders' Meeting (after the Merger has been approved on such date) and ending on the date that is three (3) trading days thereafter.

ARTICLE VI.
JOINT COVENANTS

Section 6.1 ***Confidentiality.*** From and after the date hereof until the Closing Date, each party agrees to treat all information provided by any other party pursuant to this Agreement in accordance

with the Confidentiality Agreements, which shall remain in full force and effect, and the terms and conditions thereof are incorporated by reference herein. The parties may, however, disclose such matters to its directors, officers, executive employees and professional advisors and those of prospective financing sources to such extent as may be reasonable for the negotiation, execution and consummation of this Agreement; *provided, however* that each such party shall agree to keep confidential all information concerning the other obtained pursuant to this Agreement and shall agree not to use such information except in connection with the transactions set forth herein. In the event that the Agreement is terminated prior to the Effective Time of the Merger, each party will return all such information (including all copies thereof) regarding the other, to the other party and the Confidentiality Agreements shall remain in full force and effect in accordance with the terms thereof. The parties hereto recognize and agree that in the event of a breach by a party of this section, money damages would not be an adequate remedy to the injured party for such breach and, even if money damages were adequate, it would be impossible to ascertain or measure with any degree of accuracy the damages sustained by such injured party therefrom. Accordingly, if there should be a breach or threatened breach by a party of the provisions of this section, the injured party shall be entitled to equitable relief, including an injunction and specific performance, restraining the breaching party from any breach or threatened breach without showing or proving actual damage sustained by the injured party. Nothing in the preceding sentence shall limit or otherwise affect any remedies that a party may otherwise have under applicable law.

Section 6.2 ***HSR Act and Foreign Antitrust Approvals.*** (a) Subject to the terms and conditions herein, each of the parties hereto agrees to cooperate in the preparation of any filings that may be required under the HSR Act and any filings required under similar merger notification laws or regulations of foreign Governmental Authorities. Each party shall use commercially reasonable efforts to obtain early termination of the waiting period under the HSR Act and shall substantially comply with any additional requests for information, including requests for production of documents and production of witnesses for interviews or depositions, by any Antitrust Authority.

(b) Acquiror and the Company will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any analyses, appearances, presentations, letters, white papers, memoranda, briefs, arguments, opinions or proposals made or submitted by or on behalf of any party hereto in connection with proceedings under or relating to the HSR Act or any other foreign, federal, or state antitrust, competition, or fair trade law. In this regard but without limitation, each party hereto shall promptly inform the other of any material communication between such party and any Antitrust Authority regarding the transactions contemplated herein. Nothing in this Agreement, however, shall require or be construed to require any party hereto, in order to obtain the consent or successful termination of any review of any such Antitrust Authority regarding the transactions contemplated hereby, to (i) sell or hold separate, or agree to sell or hold separate, before or after the Effective Time of the Merger, any assets, businesses or any interests in any assets or businesses, of Acquiror, the Company or any of their respective Affiliates (or to consent to any sale, or agreement to sell, by Acquiror or the Company, of any assets or businesses, or any interests in any assets or businesses), or any material change in or restriction on the operation by Acquiror or the Company of any assets or businesses or (ii) enter into any agreement or be bound by any obligation that, in Acquiror's good faith judgment, may be reasonably expected to have an adverse effect on the benefits to Acquiror of the transactions contemplated by this Agreement.

Section 6.3 ***Support of Transaction.*** Acquiror and the Company shall each (and shall each cause their respective Affiliates to) (i) use commercially reasonable efforts to assemble, prepare and file any information (and, as needed, to supplement such information) as may be reasonably necessary to obtain as promptly as practicable all governmental and regulatory consents required to be obtained in connection with the transactions contemplated hereby, (ii) use commercially reasonable efforts to obtain all Third Party Consents and any other consents and approvals of third parties that any of

Acquiror, the Company, or their respective Affiliates are required to obtain in order to consummate the Merger (and the Company shall promptly provide Acquiror with written notice when any Third Party Consents set forth on Schedule 8.2(h) have been obtained), (iii) take such other action as may reasonably be necessary or as another party may reasonably request to satisfy the conditions of Article VIII or otherwise to comply with this Agreement, (iv) use commercially reasonable efforts to cooperate with the other party's efforts in connection with any legal proceeding contesting the Merger, (v) provide the other parties, and such other parties' employees, officers, accountants, lawyers, financial advisors and representatives with reasonable access, during normal business hours in such a manner as not to interfere unreasonably with the operations of the Company and its Subsidiaries or Acquiror and Merger Sub, as applicable, to its personnel, properties, business and records for any reasonable purposes related to the transactions contemplated by this Agreement or in connection with the defense of any action, suit claim or proceeding, and (vi) amend this Agreement in such manner as the parties reasonably agree is necessary to implement the intention of the parties hereto. Subject to the terms and conditions of this Agreement, Acquiror and Merger Sub agree to use all reasonable efforts to cause the Effective Time of the Merger to occur as soon as practicable.

Section 6.4 ***Update Information.*** Not earlier than 10 and not less than 5 days before the date scheduled for Closing, the Company and Acquiror shall correct and supplement in writing any information furnished on Schedules provided by such party that, to the knowledge of the Company or Acquiror, respectively, is materially incorrect or incomplete, and shall promptly furnish such corrected and supplemented information to the other, so that such information shall be correct and complete to the knowledge of such party at the time such updated information is so provided. Thereafter, prior to the Closing, the Company and Acquiror shall correct and supplement in writing any information furnished on their respective Schedules that, to the knowledge of the Company or Acquiror, respectively, is materially incorrect or incomplete. It is agreed that the furnishing of such corrected and supplemental information, in and of itself, shall not create

any presumption that such information constitutes or evidences the existence of a material change or any breach or violation by the Company or Acquiror of any provision of this Agreement. Any corrected and supplemental information shall not be deemed to amend the Schedules for purposes of determining whether the conditions set forth in Article VIII hereof have been satisfied and shall not be deemed to cure any breach of any representation or warranty or to limit the rights and remedies of the parties under this Agreement for any breach by the other parties of such representations and warranties.

Section 6.5 ***Registration Rights Agreement.*** Acquiror shall, and the Company shall cause the Company Principal Shareholders to, comply in all material respects with all of the terms and conditions of the Registration Rights Agreement.

Section 6.6 ***Further Action.*** If, at any time after the Effective Time of the Merger, any further action is necessary or desirable to vest the Surviving Corporation with full right, title and possession to all properties, interests, assets, rights, privileges, immunities, powers and franchises of either of the Constituent Corporations, the officers of the Surviving Corporation are fully authorized in the name of each Constituent Corporation or otherwise to take, and shall take, all such lawful and necessary action.

ARTICLE VII.
CLOSING

Section 7.1 ***Filing of Certificate of Merger.*** As soon as all of the conditions set forth in Article VIII of this Agreement have either been fulfilled or waived and the Closing Date has been determined pursuant to Section 7.2 hereof, and if this Agreement has not theretofore been terminated pursuant to its terms, the Boards of Directors of Acquiror, Merger Sub and the Company shall direct their officers on the Closing Date to file and record all relevant documents with the appropriate government officials to effectuate the Merger. The term "*Effective Time of the Merger,*" when used in this Agreement, means the date and time at which the Certificate of Merger has been duly filed by the Michigan Department of Consumer and Industry Services as provided in Sections 707 and 131 of the MBCA.

Section 7.2 ***Closing.*** Except as set forth below, the Closing shall take place at the offices of Latham & Watkins, 885 Third Avenue, Suite 1000, New York, New York 10022, at 10:00 a.m. on an Eligible Day selected by Acquiror which is within the 10 Eligible Days commencing on the first Eligible Day to occur after the four (4) trading days after the date on which the conditions set forth in the following Sections of Article VIII shall have been satisfied or waived: Sections 8.1(a), (b), (c), (d) and (f) and Section 8.2(h) (the "*Window Period*"); *provided*, that if all of the conditions set forth in Article VIII have not been satisfied or waived prior to the expiration of the Window Period, the Window Period shall be automatically extended by the number of days necessary, subject to Section 10.1, so that, after the satisfaction or waiver of all conditions set forth in Article VIII, there remain at least two Eligible Days in the Window Period. Notwithstanding the foregoing, and in the event that Acquiror has elected pursuant to Section 3.2 of the Registration Rights Agreement to issue Stock Merger Consideration without an Advisor-Arranged Trade, the following days shall not be Eligible Days:

(1) any holiday;

(2) any day during the period beginning on December 20, 2002 and ending on January 6, 2003 (the "*Black-Out Period*"); *provided*, *however*, that if the Window Period commences before December 20, 2002 but the Closing has not yet occurred before that date or if the Window Period would otherwise have commenced during the Black-Out Period, the Window Period shall begin on January 7, 2003 and shall expire on January 28, 2003, subject to any extension under this Section 7.2; or

(3) the day, and the two trading days after the day, on which Acquiror or any of its Subsidiaries issues a press release, holds a public conference call or files any information with the SEC that would reasonably be expected to have a material adverse effect on the trading price of the Acquiror Common Stock, as determined in the reasonable judgment of the Company and the Holder Representative in a written notice given to Acquiror as soon as practicable on the day of such event; *provided*, *however*, with respect to this clause (3), if any such event happens in the Window Period, then the Window Period shall be extended by the number of Eligible Days that are deemed not to be Eligible Days pursuant to this clause (3) and such additional Eligible Days, if any, necessary so that there remain at least two Eligible Days in the Window Period, subject to Section 10.1.

Notwithstanding the foregoing, in the event that Acquiror has elected pursuant to Section 3.2 of the Registration Rights Agreement to issue Stock Merger Consideration with an Advisor-Arranged Trade, or if there is no Stock Merger Consideration pursuant to Section 1.3(a) or (b) hereof, the Closing Date may be on any trading day within the Window Period, whether or not such trading day is an Eligible Day; *provided* that if Acquiror has elected pursuant to Section 3.2 of the Registration Rights Agreement to issue Stock Merger Consideration with an Advisor-Arranged Trade, the Closing Date may not be on any day during the period beginning on December 24, 2002 and ending on December 31, 2002; *provided, further* that if the Window Period commences before December 24, 2002 but the Closing has not yet occurred before that date or if the Window Period would otherwise have commenced during such period, the Window Period shall expire on January 28, 2003. Acquiror shall make ongoing good faith efforts to keep the Company informed of its intentions with respect to the timing of the Closing Date; *provided* that such indications of intent shall not be binding on Acquiror. The Closing may also take place at such other time and place as Acquiror and the Company may mutually agree. The term "*Eligible Day,*" when used in this Agreement, shall mean a Tuesday, Wednesday or Thursday. The term "*Closing,*" when used in this Agreement, means the Effective Time of the Merger and the term "*Closing Date,*" when used in this Agreement, means the date on which the Effective Time of the Merger occurs.

ARTICLE VIII.
CONDITIONS TO OBLIGATIONS

Section 8.1 ***Conditions to Obligations of All Parties.*** The obligations of all parties hereto to consummate, or cause to be consummated, the Merger are subject to the satisfaction of the following conditions on or prior to the Closing Date, any one or more of which may be waived in writing by such parties:

(a) All waiting periods under the HSR Act applicable to the Merger shall have expired or been terminated.

(b) All other necessary permits, approvals, clearances, filings and consents of Governmental Authorities (other than under the HSR Act) required to be procured to consummate the transactions contemplated hereby and set forth on *Schedule 8.1(b)* shall have been given, obtained or complied with, as

applicable.

(c) There shall not be in force any order or decree, statute, rule or regulation nor shall there be on file any complaint by any Government Authority seeking an order or decree, restraining, enjoining or prohibiting the consummation of the Merger which has not thereafter been withdrawn or dismissed, and none of Acquiror or Merger Sub nor the Company shall have received notice from any Governmental Authority that it has determined (i) to institute any suit or proceeding to restrain or enjoin the consummation of the Merger, (ii) to nullify or render ineffective this Agreement if consummated, or (iii) to take any other action which would result in the prohibition, or a material change in the terms, of the Merger. Each party hereto shall promptly provide written notice to the other parties if such party becomes aware of the existence of any of the conditions described in this Section 8.1(c).

(d) The S-4 Registration Statement shall have been declared effective by the SEC; *provided*, that if there is no Stock Merger Consideration pursuant to Section 1.3(a) or (b) hereof, this condition shall be deemed to be satisfied.

(e) The S-4 Registration Statement shall continue to be effective on the Closing Date; *provided*, that if there is no Stock Merger Consideration pursuant to Section 1.3(a) or (b) hereof, this condition shall be deemed to be satisfied.

(f) This Agreement and the Merger shall have been approved and adopted by the requisite vote of the Shareholders of the Company.

Section 8.2 ***Conditions to Obligations of Acquiror and Merger Sub.*** The obligations of Acquiror and Merger Sub to consummate, or cause to be consummated, the transactions contemplated by this Agreement are subject to the satisfaction of the following additional conditions on or prior to the Closing Date, any one or more of which may be waived in writing by Acquiror and Merger Sub:

(a) Each of the representations and warranties of the Company contained in this Agreement that are qualified as to materiality or Material Adverse Effect shall be true and correct in all respects both on the date hereof and as of the Closing, as if made anew at and as of that time, and each of the representations and warranties of the Company contained in this Agreement that are not so qualified shall be true and correct in all material respects (except for (i) representations and warranties made as of a specific date, which shall remain true and correct in all material respects as of that date and (ii) the representations and warranties set forth in Section 2.11(a)), and each of the covenants and agreements of the Company to be performed as of or prior to the Closing shall have been performed in all material respects, except, in each case, for changes after the date hereof which are contemplated or expressly permitted by this Agreement.

(b) The Company shall have delivered to Acquiror a certificate signed by an officer of the Company, dated the Closing Date, certifying that, to the knowledge and belief of such officer, the conditions specified in Sections 8.2(a) and (k) have been fulfilled.

(c) The Holder Representative shall have executed and delivered to Acquiror the Escrow Agreement.

(d) The employees of the Company set forth in *Schedule 8.2(d)* (the "*Key Employees*") shall have entered into (1) employment agreements with the Surviving Corporation in the form attached hereto as *Exhibit 8.2(d)(1)* (the "*Employment Agreements*"), (2) Stock Purchase and Shareholder Agreements with Acquiror and the Surviving Corporation in the form attached hereto as *Exhibit 8.2(d)(2)* (the "*Stock Purchase Agreements*") and (3) the Restricted Stock Agreements with Acquiror in the form attached hereto as *Exhibit 8.2(d)(3)* (the "*Restricted Stock Agreements*").

(e) Counsel to the Company shall have delivered legal opinions in the forms attached hereto as *Exhibit 8.2(e)*.

(f) The Company shall have delivered certified organizational documents and certificates of good standing (i) issued by the Department of Consumer and Industry Services, Corporation Division of the State of Michigan for the Company and (ii) issued by the state of organization for each Subsidiary, dated not more than five business days prior to the Closing Date with a bring-down good standing certificate dated as of the Closing Date (or verbal confirmation).

(g) The Company shall have delivered a certificate executed by the Secretary of the Company, dated as of the Closing Date, certifying resolutions adopted by the Company's board of directors relating to the transactions contemplated by this Agreement.

(h) The Third Party Consents required under the Company Material Contracts which are listed on *Schedule 8.2(h)* shall have been obtained on terms and conditions reasonably satisfactory to Acquiror.

(i) The Acquiror shall have received pay-off acknowledgements and releases ("*Payment Acknowledgements*") executed by the holders of the Retired Company Debt in form and substance reasonably satisfactory to the Acquiror to the effect that (i) the aggregate principal and interest owed by the Company with respect to the Retired Company Debt equals a specified sum plus accrued interest through the Closing, (ii) upon payment of the amounts specified by such holders in such Payment Acknowledgements, the Company shall cease to have any liability or obligation to such holders and (iii) all Liens securing such Retired Company Debt will be released promptly upon such payment.

(j) All Liens, other than Permitted Liens, against the Company, any of its Subsidiaries or any of their respective assets or properties shall have been released, including, without limitation, those Liens listed on *Schedule 8.2(j)(i)* hereto, but excluding those liens listed on *Schedule 8.2(j)(ii)*.

(k) Since the date of this Agreement, there shall have been no Material Adverse Effect on the Company and its Subsidiaries, taken as a whole.

(l) The Company Principal Shareholders shall have complied in all material respects with all of the terms of the Registration Rights Agreement that are capable of being complied with prior to the Closing Date; *provided*, that if there is no Stock Merger Consideration pursuant to Section 1.3(a) or (b) hereof, this condition shall be deemed to have been satisfied.

(m) All of the employee loans set forth on *Schedule 2.9* shall have been repaid or cancelled.

(n) The plan with respect to the SARs listed on *Schedule 2.3(b)* shall have been terminated without the requirement of any payment to any holders of rights thereunder.

(o) All agreements set forth on *Schedule 2.3(b)* in response to Sections 2.3(b)(iii)-(vi), inclusive, other than the Stock Option Agreements (which pertain to Options that shall no longer be exercisable by their terms at the Effective Time of the Merger) shall have been terminated.

(p) The Management Agreement between Entertainment Publications Operating Company and T.C. Group, L.L.C. shall have been terminated.

(q) Each of the Company Principal Shareholders shall have executed and delivered to Acquiror a representation letter and release dated as of the Closing Date, in the form attached as *Exhibit 8.2(q)(i)* hereto (the "*Company Principal Shareholder Representation Letter*"), and in the event that the conditions set forth in Section 8.1(d) or (e) are not applicable or are waived, the Non-Optionholders holding at least 80% of the outstanding Company Shares held by Non-Optionholders shall have executed and delivered to Acquiror a Non-Optionholder Representation Letter dated as of the Closing Date, in the form attached as Exhibit 8.2(q)(ii) hereto (the "*Non-Optionholder Representation Letter*").

(r) There shall not have been a suspension or material limitation in trading in securities generally on NASDAQ or, if the Acquiror Common Stock is then listed on NYSE, on NYSE, at any time during the five trading day period immediately preceding the Closing Date or on the Closing Date; *provided*, that if there is no Stock Merger Consideration pursuant to Section 1.3(a) or (b) hereof, this condition shall be deemed to have been satisfied.

(s) The Company shall have provided the Exchange Agent with a schedule showing the allocation of the Cash Merger Consideration and the Stock Merger Consideration among the Holders.

(t) Each Shareholder that is an Affiliate (as such term is defined in Rule 144 of the Act) of the Company shall deliver a letter in form and substance reasonably satisfactory to Acquiror and such Affiliate representing that such Affiliate will sell the shares of Acquiror Common Stock received by such Affiliate in the Merger either (i) in accordance with the restrictions set forth in paragraph (d) of Rule 145 of the Act or (ii) pursuant to the S-3 Registration Statement.

(u) The Company shall have provided Acquiror with a schedule showing the allocation of the Employee Bonuses.

(v) If Acquiror has elected to deliver the Stock Merger Consideration with an Advisor-Arranged Trade pursuant to Section 3.2 of the Registration Rights Agreement, the S-3 Registration Statement shall have been declared effective by the SEC and shall continue to be effective on the Closing Date.

(w) The form and substance of all actions, proceedings, instruments and documents required to consummate the transactions contemplated by this Agreement shall be satisfactory in all reasonable respects to Acquiror and its counsel.

Section 8.3 ***Conditions to the Obligations of the Company.*** The obligation of the Company to consummate the transactions contemplated by this Agreement is subject to the satisfaction of the following additional conditions on or prior to the Closing Date, any one or more of which may be waived in writing by the Company:

(a) Each of the representations and warranties of Acquiror contained in this Agreement that are qualified as to materiality or Material Adverse Effect shall be true and correct in all respects both on the date hereof and as of the Closing, as if made a new at and as of that time, and each of the representations and warranties of Acquiror contained in this Agreement that are not so qualified shall be true and correct in all material respects both on the date hereof and as of the Closing, as if made anew at and as of that time (except for (i) representations and warranties of Acquiror set forth in Sections 3.4 and 3.7 hereof in the event that there is no Stock Merger

Consideration pursuant to Section 1.3(a) or (b) hereof and (ii) representations and warranties made as of a specific date, which shall remain true and correct in all material respects as of that time), and each of the covenants and agreements of Acquiror to be performed as of or prior to the Closing shall have been performed in all material respects, except in each case for changes after the date hereof which are contemplated or expressly permitted by this Agreement.

(b) Acquiror shall have delivered to the Company a certificate signed by an officer of Acquiror, dated the Closing, certifying that, to the knowledge and belief of such officer, the conditions specified in Section 8.3(a) have been fulfilled.

(c) Acquiror shall have executed and delivered to the Holder Representative the Escrow Agreement.

(d) Acquiror shall have complied in all material respects with all of the terms of the Registration Rights Agreement that are capable of being complied with prior to the Closing Date.

(e) Acquiror shall have repaid the Retired Company Debt.

(f) Acquiror shall have paid the Employee Bonuses, net of the amount of any taxes required to be withheld from such Employee Bonuses under applicable law.

(g) Acquiror and the Surviving Corporation, as applicable, shall have entered into the Employment Agreements, the Stock Purchase Agreements and the Restricted Stock Agreements in the forms attached hereto as *Exhibits 8.2(d)(1), (2) and (3)*.

(h) Counsel to Acquiror and Merger Sub shall have delivered a legal opinion in the form attached hereto as *Exhibit 8.3(h)*.

(i) The S-3 Registration Statement shall have been declared effective by the SEC and shall continue to be effective on the Closing Date; *provided*, that if there is no Stock Merger Consideration pursuant to Section 1.3(a) or (b) hereof, this condition shall be deemed to have been satisfied.

(j) There shall not have been a suspension or material limitation in trading in securities generally on NASDAQ or, if the Acquiror Common Stock is then listed on NYSE, on NYSE, at any time during the five trading day period prior to the Closing Date or on the Closing Date; *provided,* that if there is no Stock Merger Consideration pursuant to Section 1.3(a) or (b) hereof, this condition shall be deemed to be satisfied.

(k) The shares of Acquiror Common Stock comprising the Stock Merger Consideration shall have been approved for listing on NASDAQ or, if the Acquiror Common Stock is then listed on NYSE, on NYSE; *provided*, that if there is no Stock Merger Consideration pursuant to Section 1.3(a) or (b) hereof, this condition shall be deemed to have been satisfied.

(l) The form and substance of all actions, proceedings, instruments and documents required to consummate the transactions contemplated by this Agreement shall be satisfactory in all reasonable respects to the Company and its counsel.

ARTICLE IX.
INDEMNIFICATION

Section 9.1 ***Survival of Representations, Etc.*** The representations and warranties of each party contained herein shall survive the Closing for a period of twelve (12) months following the Closing Date; *provided*, *however*, that the representations and warranties contained in Section 2.19 shall survive the Closing for a period of thirty six (36) months following the Closing Date. Any claims under this Agreement must be asserted by written notice describing in reasonable detail the facts and circumstances with respect to the subject of such claim within the applicable survival period

contemplated by this Section 9.1, and if such a notice is given, the survival period for such representation and warranty shall continue until the claim is fully resolved. The right to indemnification or other remedy based on the representations, warranties, covenants and agreements herein will not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or agreement. All representations and warranties of each party set forth in this Agreement shall be deemed to have been made again by such party at and as of the Closing Date unless such representation or warranty is made as of a specific date.

Section 9.2 ***Indemnification.*** (a) Acquiror and its officers, directors, employees and Affiliates (the "*Acquiror Indemnitees*") shall be indemnified and held harmless by the Holders, solely to the extent of the Escrow Amount, from any damage, claim, loss, cost, liability or expense, including, without limitation, interest, penalties, reasonable attorneys' fees and expenses of investigation, response action, removal action or remedial action (collectively "*Damages*"), incurred by such Acquiror Indemnitees that arise out of or relate to: (i) any breach of any representation or warranty of the Company contained in this Agreement (including the Schedules) or in any certificate delivered on the Closing Date by the Company pursuant to this Agreement; or (ii) any breach by the Company of any of its covenants or agreements contained in this Agreement.

(b) Acquiror and Merger Sub shall indemnify and hold the Holders and their respective officers, directors, employees and Affiliates (the "*Shareholder Indemnitees*") harmless from any Damages incurred by such Shareholder Indemnitees that arise out of or relate to: (i) any breach of any representation or warranty of Acquiror or Merger Sub contained in this Agreement (other than the representations and warranties of Acquiror set forth in Sections 3.4 and 3.7 hereof in the event that there is no Stock Merger Consideration pursuant to Section 1.3(a) or (b) hereof) or in any certificate delivered on the Closing Date by Acquiror or Merger Sub pursuant to this Agreement; (ii) any breach by Acquiror or Merger Sub of its covenants or agreements contained in this Agreement; (iii) any liability of the Company or its Subsidiaries (other than liabilities for which Acquiror is entitled to indemnification pursuant to Section 9.2(a) hereof or liabilities for which a Holder is jointly and severally liable other than as a result of such Person's status as a Holder, officer, director, employee or Affiliate of the Company or any of its Subsidiaries); or (iv) the requirement that the Shareholders deliver a Shareholder Representation Letter to receive their portion of the Merger Consideration.

(c) Notwithstanding the foregoing,

(i) no Acquiror Indemnitee or Shareholder Indemnitee shall be entitled to indemnification for any Damages pursuant to Sections 9.2(a) or 9.2(b)(i), (ii) or (iii), respectively (other than Tax Damages, which are addressed in clause (ii) of this Section 9.2(c), Cash Merger Consideration Damages, which are addressed in clause (v) of this Section 9.2(c), and Stock Merger Consideration Damages, which are addressed in clause (vi) of this Section 9.2(c)) (such Damages, excluding Tax Damages, Cash Merger Consideration Damages and Stock Merger Consideration Damages, the "*Specified Damages*"), which arise out of any particular breach or occurrence (other than (a) breaches of the Company's representations and warranties contained in Section 2.19 hereof, which are addressed in clause (ii) of this Section 9.2(c), (b) breaches of the Acquiror's covenant to deliver the Cash Merger Consideration to the Holders pursuant to Article I hereof, including breaches by Acquiror of its covenant to deliver any adjustment to the Cash Merger Consideration pursuant to Section 1.8(c) hereof or to pay the Additional Cash Payment, which are addressed in clause (v) of this Section 9.2(c), and (c) if there is any Stock Merger Consideration, breaches of the Acquiror's representations and warranties contained in Section 3.7(b) hereof, which are addressed in clause (vi) of this Section 9.2(c)), unless and until the aggregate amount of all

Specified Damages incurred by such Indemnified Party hereunder exceeds Three Million Dollars ($3,000,000) (the "*Threshold Amount*"), at which time such Indemnified Party shall be entitled to indemnification only for all such Specified Damages sustained by such Indemnified Party to the extent that the amount of such Specified Damages exceeds the Threshold Amount;

(ii) no Acquiror Indemnitee shall be entitled to indemnification for any Damages pursuant to Section 9.2(a) arising out of or relating to any breach of the representations and warranties set forth in Section 2.19 (Taxes) (collectively, the "*Tax Damages*"), which arise out of any particular breach or occurrence, unless and until the aggregate amount of all Tax Damages incurred by such Person hereunder exceeds $1,000,000 (the "*Tax Threshold Amount*"), at which time such Person shall be entitled to indemnification for all such Tax Damages sustained by such Person to the extent that the amount of such Tax Damages exceeds the Tax Threshold Amount;

(iii) in no event shall the aggregate amount of Damages for which Acquiror Indemnitees shall be entitled to indemnification exceed the Escrow Amount;

(iv) in no event shall the aggregate amount of Specified Damages (including the Stock Merger Consideration Damages if clause (vi) does not apply) for which Shareholder Indemnitees shall be entitled to indemnification in the aggregate exceed Twenty Million Dollars ($20,000,000);

(v) in no event shall the aggregate amount of Damages for which Shareholder Indemnitees shall be entitled to indemnification with respect to any claim for any breach by the Acquiror of its covenant to deliver the Cash Merger Consideration to the Holders pursuant to Article I hereof, including any breach by the Acquiror of its covenant to deliver any adjustment to the Cash Merger Consideration pursuant to Section 1.8(c) hereof or to pay the Additional Cash Payment (the "*Cash Merger Consideration Damages*"), in the aggregate exceed the amount of the Cash Merger Consideration, as adjusted pursuant to Section 1.8(c) hereof, plus the Additional Cash Payment, less any amounts paid to the Exchange Agent that have been paid to Holders and any amounts that a Holder has not received because of the Holder's failure to deliver the documentation specified in Section 1.2 hereof;

(vi) unless an Advisor-Arranged Trade has been consummated in accordance with the terms of the Registration Rights Agreement and the Holders party thereto have received the Target Proceeds, if the Acquiror has elected to deliver any Stock Merger Consideration, in no event shall the aggregate amount of Damages for which the Shareholder Indemnitees shall be entitled to indemnification with respect to any claim for any breach by the Acquiror of its representations and warranties contained in Section 3.7(b) hereof (the "*Stock Merger Consideration Damages*") in the aggregate exceed the Stock Calculation Amount; and

(vii) the amount of Damages for which any Person is entitled to indemnification shall be reduced by (A) any actual tax savings realized in the tax year in which Damages were incurred and (B) any payments (including insurance payments) recovered from any third party within 24 months following the receipt of any indemnity payments pursuant to this Section 9.2 as a result of the incurrence of such Damages or the facts or circumstances giving rise thereto (other than any payments received by Acquiror from American International Specialty Lines Insurance Company pursuant to the Binder Agreement dated November 20, 2002). Notwithstanding anything to the contrary in this Agreement, Damages indemnifiable hereunder (i) shall expressly exclude consequential damages, special or incidental damages, lost profits, diminution in value, indirect damages or other speculative damages, unless such damages are paid or payable by an Indemnified Party to a third party; (ii) shall expressly exclude Damages incurred by an Indemnified Party to the extent resulting from actions taken

by such Indemnified Party or its Affiliates following the Closing; and (iii) shall not be computed or determined using a multiple of earnings, book value or any similar item which may have been used in arriving at the Merger Consideration or which may be reflective of the Merger Consideration.

(d) To the extent that any Damages which are subject to indemnification hereunder are covered by insurance held by any Indemnified Party, the applicable Indemnified Party shall use its commercially reasonable efforts to obtain the maximum recovery from the provider of such insurance. If the Indemnified Party (i) within 24 months following the receipt of any indemnity payments pursuant to Section 9.2 hereof for any Damages, obtains any insurance recovery from a third party insurance provider for such Damages, (ii) within 24 months following the receipt of any indemnity payments pursuant to Section 9.2 hereof for any Damages, obtains any recovery from any other third party for such Damages; or (iii) realizes any actual tax savings in the year in which such Damages were incurred (unless a reduction for such actual tax savings was already included in the amount of Damages for which such Indemnified Party is entitled to indemnification pursuant to Section 9.2(c)(v)), then such Indemnified Party shall promptly pay over to the Indemnitor (in the case of the Holder Representative, to be distributed to the Holders *pro rata* in accordance with their Applicable Percentages) the amount of the net cash proceeds received by such Indemnified Party for such Damages, or the amount of actual tax savings realized in connection with such Damages in the year in which such Damages were incurred, up to, but not in excess of, the amount of the indemnity payments made by the Indemnifying Party for such Damages.

(e) The term "*Damages*" as used in this Section 9.2 is not limited to matters asserted by third parties against Shareholder Indemnitees or Acquiror Indemnitees, but includes Damages incurred or sustained by such persons in the absence of third party claims, and payments by the indemnitee shall not be a condition precedent to recovery.

Section 9.3 ***Conduct of Proceedings.*** (a) If any claim, action, suit or proceeding arising from any claim of a third-party or otherwise covered by the foregoing agreements to indemnify and hold harmless (a "*Proceeding*") shall arise, the party seeking indemnification pursuant to this Article IX (the "*Indemnified Party*") shall, within the relevant limitation period provided for in Section 9.1 above, give written notice thereof to the Holder Representative, on behalf of the Holders, or the Acquiror, as applicable (the "*Indemnitor*"), describing in reasonable detail the facts and circumstances with respect to the subject matter of such proceeding promptly after the Indemnified Party learns of the existence of such Proceeding and shall include (if then known) the amount or the method of computation of the amount of such claim; *provided, however,* that the Indemnified Party's failure to give the Indemnitor prompt and/or proper notice shall not limit the Indemnified Party's right to indemnification except to the extent that such failure has prejudiced the Indemnitor's ability to defend the Proceeding.

(b) In any Proceeding involving a claim brought by a third party, the Indemnitor shall have the right to employ counsel reasonably acceptable to the Indemnified Party to defend against any such Proceeding, or to compromise, settle or otherwise dispose of the same, if the Indemnitor deems it advisable to do so, all at the expense of the Acquiror or the Holders, as applicable; *provided* that, (i) the Indemnitor acknowledges in writing its, or in the case of the Holder Representative, the Holders', obligation to indemnify the Indemnified Party with respect to such matter; (ii) the Indemnitor shall not, except with the consent of the Indemnified Party, settle, or consent to entry of any judgment in any Proceeding, without obtaining an unconditional release of the Indemnified Party from all damages in respect of the claims underlying such Proceeding; (iii) the Indemnified Party may participate in such settlement or defense through counsel chosen by such Indemnified Party and paid at its own expense and (iv) if in the opinion of counsel for such Indemnified Party, there is a reasonable likelihood of a conflict of interest between the Indemnitor and the Indemnified Party, the Acquiror or the Holders, as applicable, shall be

responsible for reasonable fees and expenses of one counsel to such Indemnified Party in connection with such defense. The parties will fully cooperate in any such action, and shall, to the extent not inconsistent with the preservation of attorney-client or work product privileges, make available to each other any books or records useful for the defense of any such Proceeding. If the Indemnitor fails to defend against or settle such Proceeding, the Indemnified Party shall have the right to undertake the defense and settlement of any such Proceeding, at the Acquiror's or Holders' expense, as applicable expense; *provided* that, if the Indemnified Party assumes the defense of any such Proceeding, the Indemnified Party shall not settle such Proceeding prior to final judgment thereon or forego any appeal with respect thereto without the prior written consent of the Indemnitor (which consent may not be unreasonably withheld).

Section 9.4 ***Sole Remedy; Time Limitation; Escrow.*** After the Closing has occurred, the right to indemnification under this Article IX shall be the exclusive remedy of each party hereto in connection with any and all matters covered by this Agreement. Notwithstanding the foregoing provisions of this Article IX, an Indemnitor shall have no responsibility or obligation with respect to any claim for indemnification asserted pursuant to this Article IX unless such claim is asserted in writing by the Indemnified Party to the Indemnitor within the applicable survival period describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim. The Escrow Amount shall serve as the sole and exclusive source of payment and remedy to satisfy any claim for Damages for which any Acquiror Indemnitee is entitled to indemnification pursuant to Section 9.2(a). All such Damages shall be paid by the Escrow Agent from the Escrow Amount in accordance with the provisions of this Agreement and the Escrow Agreement. Notwithstanding the foregoing, no person shall be deemed to have waived any rights, claims, causes of action or remedies arising from fraud, intentional misrepresentation or active concealment against the perpetrators of such fraud.

ARTICLE X.
TERMINATION/EFFECTIVENESS

Section 10.1 ***Termination.*** This Agreement may be terminated and the transactions contemplated hereby abandoned:

(a) By mutual written consent of the parties, at any time prior to the Closing.

(b) Prior to the Closing, by written notice to the Company from Acquiror, if

(i) there is any material breach of any covenant or agreement on the part of the Company set forth in this Agreement, or if a representation or warranty of the Company set forth in this Agreement that is qualified as to materiality or Material Adverse Effect shall be untrue in any respect or if a representation or warranty of the Company that is not so qualified shall be untrue in any material respect, in either case, such that the condition specified in Section 8.2(a) hereof would not be satisfied by the Outside Date (a "*Terminating Company Breach*"), except that, if such Terminating Company Breach is curable by the Company through the exercise of its commercially reasonable efforts, then, for a period of up to 30 days, but only as long as the Company continues to use its commercially reasonable efforts to cure such Terminating Company Breach (the "*Company Cure Period*"), such termination shall not be effective, and such termination shall become effective only if the Terminating Company Breach is not cured within the Company Cure Period,

(ii) the Acquiror Common Stock has been delisted from NASDAQ, unless the Acquiror Common Stock is then listed on NYSE, and Acquiror has not elected to pay all of the Stock Merger Consideration in cash pursuant to Section 1.3(b),

(iii) the Closing has not occurred on or before March 31, 2003 (the "*Company Outside Date*") other than as a result of a breach of a representation, warranty, covenant or agreement

of Acquiror or Merger Sub contained in this Agreement; *provided* that if the conditions set forth in Sections 8.1(a) or 8.1(d) shall not have been satisfied by such date, other than, as a result of a breach of a representation, warranty, covenant or agreement of the Company contained in this Agreement, the Window Period shall begin on the first Eligible Day to occur after the four (4) trading days after the date on which the latter of such conditions is satisfied, and the Company Outside Date shall be extended to the end of such Window Period; *provided, further* that in no event shall the Company Outside Date be later than May 15, 2003,

(iv) any material governmental or regulatory consent or approval required for consummation of the transactions contemplated hereby is denied by or in a final order or other final action issued or taken by the appropriate Governmental Authority, or

(v) consummation of any of the transactions contemplated hereby is enjoined, prohibited or otherwise restrained by the terms of a final, non-appealable order or judgment of a court of competent jurisdiction.

(c) Prior to the Closing, by written notice to Acquiror from the Company, if

(i) there is any material breach of any covenant or agreement on the part of Acquiror or Merger Sub set forth in this Agreement, or if a representation or warranty of Acquiror or Merger Sub set forth in this Agreement that is qualified as to materiality or Material Adverse Effect shall be untrue in any respect or if a representation or warranty of Acquiror or Merger Sub that is not so qualified shall be untrue in any material respect, in either case, such that the condition specified in Section 8.3(a) hereof would not be satisfied by the Outside Date (a "*Terminating Acquiror Breach*"), except that, if such Terminating Acquiror Breach is curable by Acquiror through the exercise of its commercially reasonable efforts, then, for a period of up to 30 days, but only as long as Acquiror continues to exercise such commercially reasonable efforts to cure such Terminating Acquiror Breach (the "*Acquiror Cure Period*"), such termination shall not be effective, and such termination shall become effective only if the Terminating Acquiror Breach is not cured within the Acquiror Cure Period,

(ii) the Acquiror Common Stock has been delisted from NASDAQ, unless the Acquiror Common Stock is then listed on NYSE, and Acquiror has not elected to pay all of the Stock Merger Consideration in cash pursuant to Section 1.3(b),

(iii) the Closing has not occurred on or before March 31, 2003 (the "*Acquiror Outside Date*") other than as a result of a breach of a representation, warranty, covenant or agreement of the Company contained in this Agreement; *provided*, that if the condition set forth in Section 8.1(a), or the condition set forth in Section 8.1(d) (if the S-4 Registration Statement has been filed by March 31, 2003), shall not have been satisfied by such date, other than as a result of a breach of a representation, warranty, covenant or agreement of Acquiror or Merger Sub contained in this Agreement, the Window Period shall begin on the first Eligible Day to occur after the four (4) trading days after the date on which the latter of such conditions is satisfied, and the Acquiror Outside Date shall be extended to the end of such Window Period; *provided*, *further* that in no event shall the Acquiror Outside Date be later than May 15, 2003,

(iv) any material governmental or regulatory consent or approval required for consummation of the transactions contemplated hereby is denied by or in a final order or other final action issued or taken by the appropriate Governmental Authority, or

(v) consummation of any of the transactions contemplated hereby is enjoined, prohibited or otherwise restrained by the terms of a final, non-appealable order or judgment of a court of competent jurisdiction.

Section 10.2 ***Effect of Termination.*** In the event of termination and abandonment of this Agreement pursuant to Section 10.1, this Agreement shall forthwith become void and have no effect, without any liability on the part of any party hereto or its respective Affiliates, officers, directors or stockholders, other than liability of the Company, Acquiror or Merger Sub, as the case may be, for any intentional and willful breach of this Agreement occurring prior to such termination, and the parties hereto acknowledge that it is intention of the parties hereto that no party shall have any remedy or right to recover for any losses or damages resulting from any breach of the provisions hereof prior to the termination of this Agreement unless such breach was intentional and willful on the part of the breaching party. The provisions of Section 6.1, this Section 10.2 and Article XIII hereof shall survive any termination of this Agreement. This Section 10.2 shall not impair the right of any party to compel specific performance by another party of its obligations under this Agreement.

ARTICLE XI.
CERTAIN DEFINITIONS

As used herein, the following terms shall have the following meanings:

"*338(h)(10) Election*" has the meaning specified in Section 2.19.

"*Acquiror*" has the meaning specified in the Preamble hereto.

"*Acquiror Certificates*" has the meaning specified in Section 1.2(a).

"*Acquiror Common Stock*" means the Common Stock, $0.01 par value, of Acquiror.

"*Acquiror Cure Period*" has the meaning specified in Section 10.1.

"*Acquiror Indemnitees*" has the meaning specified in Section 9.2.

"*Acquiror Maximum Amount*" has the meaning specified in Section 9.2.

"*Acquiror Outside Date*" has the meaning specified in Section 10.1.

"*Action*" means any claim, action, suit, audit, assessment, arbitration or inquiry, or any proceeding or investigation, by or before any Governmental Authority.

"*Additional Cash Payment*" has the meaning specified in Section 1.1.

"*Advisor-Arranged Trade*" has the meaning assigned to such term in the Registration Rights Agreement.

"*Affiliate*" means, with respect to any specified Person, any Person that, directly or indirectly, controls, is controlled by, or is under common control with, such specified Person, through one or more intermediaries or otherwise.

"*Aggregate Fully-Diluted Shares*" shall have the meaning specified in Section 1.1.

"*Aggregate Option Exercise Price*" shall have the meaning specified in Section 1.1.

"*Aggregate Outstanding Shares*" shall have the meaning specified in Section 1.1.

"*Agreement*" has the meaning specified in the preamble hereto.

"*Ancillary Agreements*" means the Escrow Agreement, the Registration Rights Agreement, the Employment Agreements, the Restricted Stock Agreements, the Stock Purchase Agreements, the Voting Agreement, the Representation Letters and the Holder Acknowledgements.

"*Antitrust Authorities*" means the Antitrust Division of the United Stated Department of Justice, the United States Federal Trade Commission or the antitrust or competition law authorities of any other jurisdiction (whether United States, foreign or multinational).

"*Applicable Percentage*" means, with respect to any Holder, a ratio equal to the Merger Consideration to which such Holder is entitled as a result of the Merger, divided by the aggregate Merger Consideration, expressed as a percentage. For purposes of this definition, (a) the Stock Merger Consideration which any Holder is entitled to receive shall be deemed to equal (i) the number of shares of Acquiror Common Stock such Holder is entitled to receive, *multiplied* by (ii) the Average Trading Price, (b) the Management Rollover Consideration which any Holder is entitled to receive shall be deemed to equal (i) the number of shares of Surviving Corporation Class B Common Stock such Holder is entitled to receive, multiplied by (ii) $24,000, (c) the Stock Merger Consideration shall be deemed to equal the Stock Calculation Amount, and (d) the Management Rollover Consideration is shall be deemed to equal $985,000.

"*Audited Financial Statements*" has the meaning specified in Section 2.7.

"*Australian J.V.*" has the meaning specified in Section 5.4.

"*Australia Transaction*" has the meaning specified in Section 5.4.

"*Average Trading Price*" means the average of the weighted average of the trading prices of the Acquiror Common Stock on NASDAQ or NYSE, as applicable, for each of the days in the five-day trading period ending on the Pricing Date.

"*Benefit Plan*" has the meaning specified in Section 2.8.

"*Black-Out Period*" has the meaning specified in Section 7.2.

"*business day*" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in New York, New York.

"*Carlyle-EPI*" has the meaning specified in the Preamble.

"*Cash and Cash Equivalents*" shall mean all "cash" and "cash equivalents" of the Company that would be required to be reflected as such on a balance sheet prepared in accordance with GAAP as of the date of determination, *minus* an amount equal to any cash and cash equivalents received by the Company from the sale of its interests in the Australian J.V. pursuant to Section 5.4 hereof.

"*Cash Consideration Percentage*" means a ratio equal to the number of shares of Acquiror Common Stock comprising the Stock Merger Consideration that Acquiror elects to pay in cash pursuant to Section 1.3(a), *divided by* the number of shares of Acquiror Common Stock comprising the Stock Merger Consideration (including all shares that Acquiror is electing to pay in cash), expressed as a percentage.

"*Cash Merger Consideration*" has the meaning specified in Section 1.1.

"*Cash Merger Consideration Damages*" has the meaning specified in Section 9.2.

"*Cash Percentage*" means a fraction, stated as a percentage, the numerator of which is the Cash Merger Consideration and the denominator of which is the sum of (i) the numerator and (ii) the Stock Calculation Amount.

"*Cash Per Fully-Diluted Share*" has the meaning specified in Section 1.1.

"*Certificate of Merger*" has the meaning specified in the Recitals.

"*Closing*" has the meaning specified in Section 7.2.

"*Closing Date*" has the meaning specified in Section 7.2.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Company*" has the meaning specified in the Preamble hereto.

"*Company Common Stock*" means the common stock, par value $0.01 per share, of the Company.

"*Company Cure Period*" has the meaning specified in Section 10.1.

"*Company Material Contracts*" has the meaning specified in Section 2.9.

"*Company Net Indebtedness*" means (i) the aggregate principal amount of Indebtedness and accrued interest thereon of the Company and its Subsidiaries outstanding as of the Closing Date, *minus* (ii) the aggregate principal amount of any Indebtedness related to capital leases determined in accordance with GAAP, *minus* Distributable December Cash.

"*Company Outside Date*" has the meaning specified in Section 10.1.

"*Company Principal Shareholder Representation Letter*" has the meaning specified in Section 8.2.

"*Company Principal Shareholders*" means State Board of Administration of Florida, Carlyle International Partners II, L.P., C/S International Partners, Carlyle-EPI Partners II, L.P., Carlyle Partners II, L.P., Carlyle-EPI Partners, L.P., Carlyle Investment Group, L.P., Carlyle International Partners III, L.P., Carlyle-EPI International Partners, L.P., Carlyle High Yield Partners, L.P. and Carlyle SBC Partners II, L.P.

"*Company Shares*" has the meaning specified in Section 1.1.

"*Company Shareholders' Meeting*" has the meaning specified in Section 4.6.

"*Confidentiality Agreements*" means that certain Confidentiality and Non-Disclosure Agreement, dated as of June 4, 2001, and amended as of March 25, 2002, between Ticketmaster and Entertainment Publications Operating Company and that certain Confidentiality and Non-Disclosure Agreement, dated as of March 25, 2002, between Acquiror and Entertainment Publications Operating Company.

"*Constituent Corporations*" shall have the meaning specified in the Recitals.

"*Contracts*" means any contracts, agreements, subcontracts, leases, purchase orders and commitments (oral or written).

"*Credit Agreement*" means that certain Credit Agreement, dated as of November 12, 1999, by and among the Company, Entertainment Publications Operating Company, Inc., as Borrower, the Lenders party thereto, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Syndication Agent, and Canadian Imperial Bank of Commerce, as Administrative Agent.

"*Damages*" has the meaning specified in Section 9.2.

"*December 2002 Inventory*" means the inventories of the Company and its subsidiaries as of December 31, 2002 set forth on the final December Statement of Working Capital.

"*December 2002 Working Capital*" means the Working Capital of the Company and its Subsidiaries as of December 31, 2002 set forth on the final December Statement of Working Capital.

"*December 20 2002 Inventory*" means the inventories of the Company and its Subsidiaries as of December 20, 2002 based on a linear interpolation of the November 2002 Inventory and December 2002 Inventory calculated in the same manner as the calculation of Target Inventory set forth on *Schedule 1.6* hereto.

"*December 20 2002 Working Capital*" means (i) the Working Capital of the Company and its Subsidiaries as of December 20, 2002 based on a linear interpolation of the November 2002 Working Capital and December 2002 Working Capital calculated in the same manner as the calculation of Target Working Capital set forth on *Schedule 1.6* hereto and (ii) any Cash and Cash Equivalents of the Company as of December 20, 2002 in excess of the December Cash Target.

"*December Cash*" means (i) all Cash and Cash Equivalents of the Company as of the close of business on December 20, 2002 and (ii) all December 20, 2002 Working Capital in excess of the Target Working Capital, *less* any December 20, 2002 Inventory in excess of Target Inventory; *provided* that in no event shall December Cash exceed the December Cash Target.

"*December Cash Target*" means Twenty-Nine Million Dollars ($29,000,000).

"*December Statement of Working Capital*" has the meaning specified in Section 1.6

"*Distributable December Cash*" means (i) if the Closing Date is on or prior to January 30, 2003, an amount of cash equal to 60% of the estimated December Cash on the Preliminary Statement of December Cash and (ii) if the Closing Date is after January 30, 2003, 60% of the December Cash set forth on the Statement of December Cash.

"*Effective Time of the Merger*" has the meaning specified in Section 7.1.

"*Employment Agreements*" has the meaning specified in Section 8.2(d).

"*Employee Bonus Amount*" means the aggregate amount of all Employee Bonuses.

"*Employee Bonuses*" means the employee bonuses set forth on a schedule to be delivered to Acquiror prior to Closing pursuant to Section 1.2(d), which in the aggregate will not exceed $2,650,000.

"*Environmental Laws*" means all applicable foreign, U.S. federal, state or local laws, statutes, ordinances, rules, or regulations relating to pollution or protection of the environment, as in effect as of the date hereof (including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, as amended, the Resource Conservation and Recovery Act, as amended, the Clean Air Act, as amended, and the California Hazardous Waste Control Act, as amended).

"*ERISA*" has the meaning specified in Section 2.8.

"*Escrow Agent*" means the Person acting as escrow agent pursuant to the Escrow Agreement.

"*Escrow Agreement*" has the meaning specified in Section 1.4.

"*Escrow Amount*" shall have the meaning assigned to such term in the Escrow Agreement.

"*Exchange Act*" has the meaning specified in Section 2.24.

"*Financial Statements*" has the meaning specified in Section 2.7.

"*GAAP*" has the meaning specified in Section 2.7.

"*Governmental Authority*" means any Federal, state, municipal, local or foreign government, governmental authority, regulatory or administrative agency, governmental commission, department, board, bureau, agency or instrumentality, court, tribunal, arbitrator or arbitral body.

"*Government Order*" means any order, writ, rule, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"*Holder Acknowledgment*" means an agreement or certificate signed by a holder of Options acknowledging cancellation of all Options held by such holder in the form attached hereto as *Exhibit 1.1(b)(iii)*.

"*Holder Allocable Expenses*" has the meaning specified in Section 1.5.

"*Holder Representative*" has the meaning specified in Section 12.1.

"*Holders*" means each Shareholder and each Optionholder.

"*HSR Act*" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"*Inbound License Agreements*" has the meaning specified in Section 2.13.

"*Indebtedness*" of any Person means (a) any indebtedness of such Person and its Subsidiaries, in respect of borrowed money or evidenced by bonds, notes, debentures or other similar instruments or letters of credit (or reimbursement agreements in respect thereof) or banker's acceptances, (b) any amounts owed by such Persons and its Subsidiaries under capital leases as determined in accordance with GAAP, (c) any balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or account payable, in each case referred to in this clause (c) incurred in the ordinary course of business, (d) all indebtedness of others secured by a Lien on any asset of such Person or any of its Subsidiaries, and (e) to the extent not otherwise included by clauses (a), (b), (c) and (d), any guaranty by such Person or any of its Subsidiaries of any indebtedness of any other Person.

"*Indemnified Party*" has the meaning specified in Section 9.3.

"*Indemnitor*" has the meaning specified in Section 9.3.

"*Initial Escrow Amount*" means Twenty Millions Dollars ($20,000,000).

"*Intellectual Property*" has the meaning specified in Section 2.13.

"*Interim Financial Statements*" has the meaning specified in Section 2.7.

"*Key Employees*" has the meaning specified in Section 8.2(d).

"*Leased Real Property*" means all real property leased by the Company or any of its Subsidiaries, the lease of which may not be terminated at will, or by giving notice of 90 days or less, without cost of penalty and provides for annual rental payments in excess of $100,000.

"*Lien*" means any mortgage, deed of trust, pledge, hypothecation, encumbrance, security interest, adverse claim, option, charge, easement, conditional sales agreement, or other adverse right of third parties, whether voluntarily incurred or arising by operation of law, and includes, without limitation, any agreement to give any of the foregoing in the future, and any contingent sale or other title retention agreement or lease in the nature thereof.

"*Majority Holders*" has the meaning specified in Section 12.1.

"*Management Rollover Consideration*" has the meaning specified in Section 1.1(d).

"*Management Rollover Shares*" means those certain shares of Company Common Stock held by Alan Bittker, Kevin Petry, Marian Roberge and Karl Hawes identified on Schedule 1.1(f).

"*Material Adverse Effect*" will be deemed to occur if any event (whether specific to the applicable party or generally applicable to multiple parties), circumstance or other matter has had, or with respect to any event, circumstance or other matter other than any change or trend in the economy in general other than such change or trend in the economy that has begun to have a disproportionate adverse effect on the applicable party, would reasonably be expected to have, a

material adverse effect on, or material adverse change to, (a) the financial condition, business, results of operations, assets or liabilities of the applicable party or (b) the ability of such party to consummate the transactions contemplated by this Agreement and, with respect to Acquiror, the Ancillary Agreements to which it is a party, including without limitation, in the case of Acquiror, the issuance of the Acquiror Common Stock in connection with the Merger, other than any event, circumstance or other matter demonstrably and primarily attributable to the announcement of this Agreement or the transactions contemplated hereby (including without limitation, any disruption of employee, customer, supplier or other similar relationships arising from such announcement).

"*MBCA*" has the meaning specified in Section 1.1.

"*Merger*" has the meaning specified in the Recitals.

"*Merger Consideration*" means the Cash Merger Consideration, the Stock Merger Consideration, the Management Rollover Consideration and the Additional Cash Payment.

"*Merger Sub*" has the meaning specified in the Recitals.

"*Merger Sub Common Stock*" has the meaning specified in Section 1.1.

"*Mezzanine Premium*" means Six Million Five Hundred Seventy Thousand Three Hundred Fifty Seven Dollars ($6,570,357).

"*NASDAQ*" means the NASDAQ National Market.

"*Non-Optionholder*" means each Shareholder that is not an Optionholder or a Company Principal Shareholder.

"*Non-Optionholder Representation Letter*" has the meaning specified in Section 8.2.

"*November 2002 Inventory*" means the inventories of the Company and its Subsidiaries as of November 29, 2002 set forth on the final November Statement of Working Capital.

"*November 2002 Working Capital*" means the Working Capital of the Company and its Subsidiaries as of November 29, 2002 set forth on the final November Statement of Working Capital.

"*November Statement of Working Capital*" has the meaning set forth in Section 1.6.

"*NYSE*" means the New York Stock Exchange.

"*Optionholder*" means each Person that holds Options on the date hereof.

"*Options*" means each outstanding option to purchase shares of Company Common Stock (whether or not vested).

"*Owned Real Property*" means all real property owned by the Company or any of its Subsidiaries.

"*Payment Acknowledgements*" has the meaning specified in Section 8.2(i).

"*Permit*" has the meaning specified in Section 2.21.

"*Permitted Liens*" means (i) mechanics, materialmen's and similar Liens with respect to any amounts not yet due and payable or which are being contested in good faith through appropriate proceedings, (ii) Liens for Taxes not yet due and payable or which are being contested in good faith through appropriate proceedings to the extent reserves for such contests are contained within the September 2002 Balance Sheet, (iii) Liens arising in connection with the sale of foreign receivables, (iv) Liens on goods in transit incurred pursuant to documentary letters of credit, (v) Liens securing rental payments under capital lease agreements to the extent they are imposed

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upon only the equipment leased, (vi) encumbrances and restrictions on real or personal property (including easements, covenants, rights of way and similar restrictions of record) that do not materially interfere with the present uses of such real property and (vii) other Liens arising in the ordinary course of business and not incurred in connection with the borrowing of money.

"*Person*" means any individual, firm, corporation, partnership, limited liability company, incorporated or unincorporated association, joint venture, joint stock company, governmental agency or instrumentality or other entity of any kind.

"*Preliminary Statement of December Cash*" has the meaning specified in Section 1.1.

"*Pricing Date*" means the trading day prior to Closing.

"*Proceeding*" has the meaning specified in Section 9.3.

"*Prospectuses*" means the S-3 Prospectus and the S-4 Prospectus.

"*PWC*" means PricewaterhouseCoopers LLP.

"*Registration Rights Agreement*" has the meaning specified in the Recitals.

"*Registration Statements*" means the S-3 Registration Statement and the S-4 Registration Statement.

"*Representation Letters*" means the Shareholder Representation Letters, the Company Principal Shareholder Representation Letters and the Non-Optionholder Representation Letters.

"*Restricted Payment*" means any payment to any officer, director, Shareholder or Affiliate of the Company or any Affiliate of any of the foregoing other than (i) payments in the ordinary course of business required to be made under the Material Contracts existing as of the date of this Agreement and identified on *Schedule 2.9* in response to Section 2.9, (ii) payments in the ordinary course of business pursuant to any employment contract, arrangement or understanding or Benefit Plan or similar contract, arrangement or understanding in effect on the date of this Agreement, and (iii) advances in the ordinary course for travel and relocation expenses and draws on future commissions.

"*Restricted Stock Agreements*" has the meaning specified in Section 8.2(d).

"*Retired Company Debt*" has the meaning specified in Section 5.3.

"*Revolving Loans*" has the meaning assigned to such term in the Credit Agreement.

"*S-3 Prospectus*" has the meaning assigned to the term "Prospectus" in the Registration Right Agreement.

"*S-3 Registration Statement*" has the meaning assigned to the term "Registration Statement" in the Registration Rights Agreement.

"*S-4 Prospectus*" means the Prospectus used in connection with the S-4 Registration Statement.

"*S-4 Registration Statement*" has the meaning specified in Section 5.8.

"*SEC*" has the meaning specified in Section 3.4.

"*Securities Act*" has the meaning specified in the Recitals.

"*September 2002 Balance Sheet*" means the unaudited consolidated balance sheet of the Company and its Subsidiaries as of September 30, 2002.

"*Shareholder*" means each holder of record of Company Shares.

"*Shareholder Representation Letter*" means a representation letter for the Shareholders (other than the Company Principal Shareholders), dated as of the Closing Date, in the form attached as *Exhibit 8.2(q)(iii)* hereto.

"*Specified Damages*" has the meaning specified in Section 9.2.

"*Statement of December Cash*" means a statement of December Cash.

"*Statements of Working Capital*" means the November Statement of Working Capital and the December Statement of Working Capital.

"*Stock Calculation Amount*" has the meaning specified in Section 1.1.

"*Stock Merger Consideration*" has the meaning specified in Section 1.1.

"*Stock Merger Consideration Damages*" has the meaning specified in Section 9.2.

"*Stock Percentage*" means a fraction, stated as a percentage, the numerator of which is the Stock Calculation Amount and the denominator of which is the sum of (i) the numerator and (ii) the amount of the Cash Merger Consideration.

"*Stock Per Fully-Diluted Share*" has the meaning specified in Section 1.1.

"*Stock Per Outstanding Share*" has the meaning specified in Section 1.1.

"*Stock Purchase Agreements*" has the meaning specified in Section 8.2(d).

"*Subsidiary*" means, with respect to any Person, means (a) any corporation in an unbroken chain of corporations beginning with such Person if each of the corporations other than the last corporation in the unbroken chain then owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain, (b) any partnership in which such Person is a general partner or (c) any limited liability company, partnership or other entity in which such Person possesses a 50% or greater interest in the total capital or total income of such limited liability company, partnership or other entity.

"*Surviving Corporation*" has the meaning specified in Section 1.1.

"*Surviving Corporation Class B Common Stock*" has the meaning specified in Section 1.1.

"*Surviving Corporation Common Stock*" has the meaning specified in Section 1.1.

"*Target Inventory*" means the inventories of the Company and its Subsidiaries set forth on *Schedule 1.6.* hereto.

"*Target Proceeds*" has the meaning assigned to such term in the Registration Rights Agreement.

"*Target Working Capital*" means the amount of Working Capital of the Company and its Subsidiaries set forth on *Schedule 1.6* hereto.

"*Tax*" or "*Taxes*" means (A) any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated or other tax, including any interest, penalty, or addition thereto, (B) any liability for payment of amounts described in clause (A) whether as a result of transferee liability, of being a member of an affiliated, consolidated or unitary group for any period or otherwise through operation of law, and (C) any liability for the payment of amounts described in clauses (A) or (B) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement to indemnify any other person.

"*Tax Damages*" has the meaning specified in Section 9.2.

"*Tax Return*" means any return, declaration, report, statement, information statement and other document required to be filed with respect to Taxes.

"*Tax Threshold Amount*" has the meaning specified in Section 9.2.

"*Terminating Acquiror Breach*" has the meaning specified in Section 10.1.

"*Terminating Company Breach*" has the meaning specified in Section 10.1.

"*Third Party Consents*" has the meaning specified in Section 2.9.

"*Threshold Amount*" has the meaning specified in Section 9.2.

"*Window Period*" has the meaning specified in Section 7.2.

"*Working Capital*" means the excess of (i) the sum of (a) the Company's current assets which would be required to be reflected on a balance sheet of the Company prepared as of the date of determination in conformity with GAAP (including, without limitation, receivables, inventories, prepaid expenses, any tax benefit to be realized as a result of the payment of the Employee Bonuses on the Closing Date (net of any tax liabilities related thereto) and other current assets, but excluding any Cash or Cash Equivalents (except as set forth in clause (b)) and deferred tax assets) (collectively, the "*Working Capital Assets*") and (b) the Working Capital Assets of the Australia J.V. if the Australia Transaction is consummated prior to the date of determination, over (ii) the sum of (a) all current liabilities which would be required to be reflected in or reserved on a balance sheet of the Company prepared as of the date of determination in conformity with GAAP (including, without limitation, accounts payable, salaries, commissions and related benefits payable and other accrued expenses and current liabilities, but excluding any Holder Allocable Expenses paid by Acquiror pursuant to Section 1.5, any amounts outstanding under the Company's Revolving Loans, the current portion of long-term debt, any other Indebtedness, derivatives, accrued interest payable and accrued income, SBT and franchise taxes) (the "*Working Capital Liabilities*") and (b) the Working Capital Liabilities of the Australian J.V. if the Australia Transaction is consummated prior to the date of determination. Notwithstanding any contrary accounting policies under GAAP, (A) except as set forth above, Working Capital shall be calculated before giving effect to the consummation of the transactions under this Agreement which are contemplated to take effect as of the Closing Date, and (B) Working Capital shall include any unpaid Holder Allocable Expenses in excess of amounts paid by Acquiror pursuant to Section 1.5. For the avoidance of doubt, *Annex D* attached hereto sets forth the working capital accounts of the Company and its Subsidiaries that are included in, and excluded from, the definition of Working Capital.

ARTICLE XII.
HOLDER REPRESENTATIVE

Section 12.1 ***Designation and Replacement of Holder Representative.*** The parties have agreed that it is desirable to designate a representative to act on behalf of the Holders of the Company Shares and/or Options for certain limited purposes, as specified herein (the "*Holder Representative*"). The Majority Holders (as defined below) have designated Carlyle-EPI as the initial Holder Representative, and approval of this Agreement by the required vote of the Shareholders, and the execution and delivery of a Holder Acknowledgment by any Holder of Options, as applicable, constitutes ratification and approval of such designation on behalf of all Shareholders and each such Holder of Options, as applicable. The Holder Representative may resign at any time, and the Holder Representative may be removed by the vote of Persons which collectively owned more than 50% of the Aggregate Fully-Diluted Shares at the Effective Time of the Merger ("*Majority Holders*"). In the event that a Holder

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Representative has resigned or been removed, a new Holder Representative shall be appointed by a vote of Majority Holders, such appointment to become effective upon the written acceptance thereof by the new Holder Representative.

Section 12.2 ***Authority and Rights of Holder Representative; Limitations on Liability.*** The Holder Representative shall have such powers and authority as are necessary to carry out the functions assigned to it under this Agreement; *provided, however*, that the Holder Representative will have no obligation to act on behalf of the Holders, except as expressly provided herein. Without limiting the generality of the foregoing, the Holder Representative shall have full power, authority and discretion to estimate and determine the amounts of Holder Allocable Expenses, and to pay such Holder Allocable Expenses in accordance with Section 1.5 hereof, and to enforce all the rights and remedies conferred to the Holders pursuant to Article IX hereof on behalf of such Holders. The Holder Representative will have no liability to Acquiror, the Company or the Holders with respect to actions taken or omitted to be taken in its capacity as Holder Representative, except with respect to the Holder Representative's gross negligence or willful misconduct. The Holder Representative will at all times be entitled to rely on any directions received from the Majority Holders; *provided, however*, that the Holder Representative shall not be required to follow any such direction, and shall be under no obligation to take any action in its capacity as Holder Representative, unless the Holder Representative is holding funds delivered to it under Section 1.5 of this Agreement and/or has been provided with other funds, security or indemnities which, in the sole determination of the Holder Representative, are sufficient to protect the Holder Representative against the costs, expenses and liabilities which may be incurred by the Holder Representative in responding to such direction or taking such action. The Holder Representative shall be entitled to engage such counsel, experts and other agents and consultants as it shall deem necessary in connection with exercising its powers and performing its function hereunder and (in the absence of bad faith on the part of the Holder Representative) shall be entitled to conclusively rely on the opinions and advice of such Persons. The Holder Representative shall be entitled to reimbursement, from funds paid to it under Section 1.5 of this Agreement and/or otherwise received by it in its capacity as Holder Representative pursuant to or in connection with this Agreement, for all reasonable expenses, disbursements and advances (including fees and disbursements of its counsel, experts and other agents and consultants) incurred by the Holder Representative in such capacity, and for indemnification against any loss, liability or expenses arising out of actions taken or omitted to be taken in its capacity as Holder Representative (except for those arising out of the Holder Representative's gross negligence or willful misconduct), including the costs and expenses of investigation and defense of claims. In the event that the funds paid to the Holder Representative pursuant to Section 1.5 exceed the Holder Allocable Expenses, the Holder Representative shall be entitled to retain such excess amount as a fee for its services as Holder Representative hereunder.

ARTICLE XIII.
MISCELLANEOUS

Section 13.1 ***Waiver.*** Any party to this Agreement may, at any time prior to the Closing, by action taken by its Board of Directors, or officers thereunto duly authorized, waive any of the terms or conditions of this Agreement or agree to an amendment or modification to this Agreement by an agreement in writing executed in the same manner (but not necessarily by the same Persons) as this Agreement. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

Section 13.2 ***Notices.*** All notices and other communications among the parties shall be in writing and shall be deemed to have been duly given when (i) delivered in person, or (ii) five days after posting in the United States mail having been sent registered or certified mail return receipt requested,

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or (iii) delivered by telecopy and promptly confirmed by delivery in person or post as aforesaid in each case, with postage prepaid, addressed as follows:

(a) If to Acquiror or Merger Sub, to:

USA Interactive
152 West 57th Street
New York, NY 10019
Attention: General Counsel
Telecopy No.: (212) 314-7439

with copies to:

Gibson, Dunn & Crutcher LLP
333 South Grand Avenue
Los Angeles, California 90071
Attention: Kenneth M. Doran
Telecopy No.: (213) 229-7520

and:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Andrew J. Nussbaum
Telecopy No.: (212) 403-2000

(b) If to the Company, to:

Entertainment Publications, Inc.
2125 Butterfield Road
Troy, MI 48084
Attention: Camille Cleveland
Telecopy No.: (248) 637-9757

with copies to:

Carlyle-EPI Partners, L.P.
c/o The Carlyle Group
520 Madison Avenue 41st Floor
New York, NY 10022
Attention: Eliot Merrill
Telecopy No.: (212) 381-4901

and

Latham & Watkins
885 Third Avenue
Suite 1000
New York, NY 10022
Attention: R. Ronald Hopkinson
Telecopy No.: (212) 751-4864

(c) If to the Holder Representative, to:

Carlyle-EPI Partners, L.P.
c/o The Carlyle Group

520 Madison Avenue
41st Floor
New York, NY 10022
Attention: Eliot Merrill
Telecopy No.: (212) 381-4901

with copies to:

Latham & Watkins
885 Third Avenue
Suite 1000
New York, NY 10022
Attention: R. Ronald Hopkinson
Telecopy No.: (212) 751-4864

or to such other address or addresses as the parties may from time to time designate in writing.

Section 13.3 ***Assignment.*** No party hereto shall assign this Agreement or any part hereof without the prior written consent of the other parties; *provided*, *however* that Carlyle-EPI may be replaced as Holder Representative in accordance with Section 12.1 of this Agreement. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

Section 13.4 ***Rights of Third Parties.*** Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give any Person any right or remedies under or by reason of this Agreement, other than the parties hereto and the Holders (including the Company Principal Shareholders) with respect to the right to receive the Merger Consideration in accordance with Article I and the rights and remedies conferred to such Holders pursuant to Article IX hereof.

Section 13.5 ***Expenses.*** Except as specifically provided in this Agreement, each party hereto, other than the Holder Representative (whose expenses shall be paid out of funds paid to the Holder Representative under Section 1.5 in the event the transactions contemplated hereby are consummated), shall bear its own expenses incurred in connection with this Agreement and the transactions herein contemplated whether or not such transactions shall be consummated, including, without limitation, all fees of its legal counsel, financial advisers and accountants. In the event the transactions contemplated hereby are not consummated each party hereto shall pay its own costs and expenses including, without limitation, all fees of its legal counsel, financial advisors and accountants, *provided* that, in the event that the transactions contemplated hereby are not consummated, the Company shall reimburse the Holder Representative for all costs and expenses incurred by the Holder Representative in connection with the transactions contemplated hereby.

Section 13.6 ***Construction.*** (a) This Agreement shall be construed and enforced in accordance with the laws of the State of New York, as applied to agreements among New York residents entered into and wholly to be performed within the State of New York (without reference to any choice of law rules that would require the application of the laws of any other jurisdiction), except as to any matters relating to the merger of the Company and Merger Sub, corporate governance or the capital stock of the Company, which shall be governed by the laws of the State of Michigan. The parties hereto irrevocably agree that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect hereof shall be brought and determined in the Courts of the State of New York, and each party hereby irrevocably submits with regard to any such action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive

jurisdiction of the aforesaid courts. Each party hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (i) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to lawfully serve process, (ii) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), (iii) to the fullest extent permitted by applicable law, that (A) the suit, action or proceeding in any such court is brought in an inconvenient forum, (B) the venue of such suit, action or proceeding is improper and (C) this Agreement, or the subject matter hereof, may not be enforced in or by such courts and (iv) any right to a trial by jury.

(b) Unless otherwise stated, references to Sections, Articles or Annexes refer to the Sections, Articles and Annexes to this Agreement. As used herein, the phrase "to the knowledge" of the Company shall mean the actual knowledge of the individuals set forth on *Schedule 13.6(b)(i)* and (ii) the phrase "to the knowledge of Acquiror" shall mean the actual knowledge of each the individuals set forth in *Schedule 13.6(b)(ii)* hereto.

(c) The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Section 13.7 ***Captions; Counterparts.*** The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement. This Agreement may be executed by facsimile and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 13.8 ***Entire Agreement.*** This Agreement (together with the Schedules and Exhibits to this Agreement), the Ancillary Agreements and the Confidentiality Agreements constitute the entire agreement among the parties pertaining to the subject matter hereof and supersede any other prior agreements, whether written or oral, that may have been made or entered into by or among any of the parties hereto or any of their respective Subsidiaries relating to the transactions contemplated hereby. No representations, warranties, covenants, understandings, agreements, oral or otherwise, relating to the transactions contemplated by this Agreement exist between the parties except as expressly set forth in this Agreement, the Ancillary Agreements and the Confidentiality Agreement.

Section 13.9 ***Amendments.*** This Agreement may be amended or modified in whole or in part, only by a duly authorized agreement in writing executed in the same manner as this Agreement and which makes reference to this Agreement.

Section 13.10 ***Publicity.*** All press releases or other public communications of any nature whatsoever relating to the transactions contemplated by this Agreement, and the method of the release for publication thereof, shall be subject to the prior mutual approval of Acquiror and the Company which approval shall not be unreasonably withheld by any party; *provided, however*, that, nothing herein shall prevent any party from publishing such press releases or other public communications as such party may consider necessary in order to satisfy such party's legal or contractual obligations after such consultation with the other parties hereto as is reasonable under the circumstances.

Section 13.11 ***Severability.*** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and

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this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein, *provided, however*, that if any provision of this Agreement is deemed or held to be illegal, invalid or unenforceable there shall be added hereto automatically a provision as similar as possible to such illegal, invalid or unenforceable provision that is legal, valid and enforceable. Further, should any provision contained in this Agreement ever be reformed or rewritten by any judicial body of competent jurisdiction, such provision as so reformed or rewritten shall be binding upon all parties hereto.

Section 13.12 ***Enforcement.*** The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to specifically enforce the terms and provisions of this Agreement, in addition to any other remedy to which any party is entitled at law or in equity without the necessity of demonstrating the inadequacy of monetary damages.

Section 13.13 ***Schedules.*** The Schedules referred to in this Agreement shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth in their entirety herein. Acquiror and Merger Sub acknowledge that the disclosure or inclusion of any specific agreement, document, instrument, report, item, fact or event by the Company in the Schedules shall not create any implication or constitute any admission by the Company or its Affiliates that such agreement, document, instrument, report, item, fact or event is material to the Company or its Subsidiaries or their financial condition, businesses, operations, liabilities, assets or properties or would constitute a Material Adverse Effect. Acquiror and Merger Sub further acknowledge that the specification of any dollar amount in the representations and warranties contained in this Agreement or in the Schedules is not intended to imply that such amount or higher or lower amounts are or are not material.

IN WITNESS WHEREOF the parties have hereunto caused this Agreement to be duly executed as of the date first above written.

USA INTERACTIVE

By: /s/ DANIEL C. MARRIOTT

Name: Daniel C. Marriott
Title: *SVP Strategic Planning*

RED WING, INC.

By: /s/ DARA KHOSROWSHAHI

Name: Dara Khosrowshahi
Title: *President*

ENTERTAINMENT PUBLICATIONS, INC.

By: /s/ ALAN S. BITTKER

Name: Alan S. Bittker
Title: *President and CEO*

CARLYLE-EPI PARTNERS, L.P.

By: TC Group, L.L.C., its General Partner
By: TCG Holdings, L.L.C., its sole Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

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Exhibit 2.1

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EXHIBIT 23.1

CONSENT OF ERNST & YOUNG LLP

We consent to the reference to our firm under the caption "Experts" in this Registration Statement on Form S-4 of USA Interactive and to the incorporation by reference therein 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 of USA Interactive included in its Annual Report (Form 10-K/A) 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
December 20, 2002

QuickLinks

EXHIBIT 23.1

CONSENT OF ERNST & YOUNG LLP

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), 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.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Seattle, Washington
December 19, 2002

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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") for the registration under said Act of shares of the Company's common stock, par value $0.01 per share, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorney-in-fact and agent, 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 13th day of December, 2002.

/s/ EDGAR BRONFMAN

Name: Edgar Bronfman
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") for the registration under said Act of shares of the Company's common stock, par value $0.01 per share, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorney-in-fact and agent, 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 13th day of December, 2002.

/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") for the registration under said Act of shares of the Company's common stock, par value $0.01 per share, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorney-in-fact and agent, 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 13th day of December, 2002.

/s/ DONALD KEOUGH

Name: Donald 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") for the registration under said Act of shares of the Company's common stock, par value $0.01 per share, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorney-in-fact and agent, 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 13th day of December, 2002.

/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") for the registration under said Act of shares of the Company's common stock, par value $0.01 per share, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorney-in-fact and agent, 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 17th day of December, 2002.

/s/ JOHN MALONE

Name: John 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") for the registration under said Act of shares of the Company's common stock, par value $0.01 per share, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorney-in-fact and agent, 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 13th day of December, 2002.

/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") for the registration under said Act of shares of the Company's common stock, par value $0.01 per share, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorney-in-fact and agent, 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 13th day of December, 2002.

/s/ DIANE VON FURSTENBERG

Name: Diane Von Furstenberg
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") for the registration under said Act of shares of the Company's common stock, par value $0.01 per share, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorney-in-fact and agent, 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 13th day of December, 2002.

/s/ BARRY DILLER

Name: Barry Diller
Title: Chairman of the Board,
Chief Executive Officer &
Director of USA Interactive

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") for the registration under said Act of shares of the Company's common stock, par value $0.01 per share, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorney-in-fact and agent, 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 13th day of December, 2002.

/s/ VICTOR KAUFMAN

Name: Victor Kaufman
Title: Vice Chairman &
Director of USA Interactive

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") for the registration under said Act of shares of the Company's common stock, par value $0.01 per share, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorney-in-fact and agent, 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 13th day of December, 2002.

/s/ DARA KHOSROWSHAHI

Name: Dara Khosrowshahi
Title: Executive VP & CFO

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") for the registration under said Act of shares of the Company's common stock, par value $0.01 per share, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorney-in-fact and agent, 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 13th day of December, 2002.

/s/ WILLIAM SEVERANCE

Name: William Severance
Title: VP & 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") for the registration under said Act of shares of the Company's common stock, par value $0.01 per share, hereby constitutes and appoints Dara Khosrowshahi, David Ellen and William Severance his or her true and lawful attorney-in-fact and agent, 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 18th day of December, 2002.

/s/ ANNE BUSQUET

Name: Anne Busquet
Title: Director

QuickLinks

Exhibit 24.1

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 99.1

REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated November 20, 2002, among USA Interactive, a Delaware corporation ("USA") and each of the holders of the common stock of Entertainment Publications, Inc., a Michigan corporation ("Target"), set forth on the signature pages hereto.

Each of the Holders (as defined below) will receive certain shares of USA's Common Stock, $0.01 par value per share ("USA Common Stock"), in respect of the common stock of Target, par value $0.01 per share ("Target Common Stock"), or options to purchase Target Common Stock, now beneficially owned by such Holder, upon the consummation of the merger of Red Wing, Inc., a wholly owned subsidiary of USA, with Target (the "Merger") pursuant to an Agreement and Plan of Merger, dated as of November 20, 2002 (as amended, supplemented and in effect from time to time, the "Merger Agreement").

In consideration of the representations, warranties, covenants and conditions herein and in the Merger Agreement, the parties hereto hereby agree as follows:

SECTION 1
REGISTRATION RIGHTS

1.1 *Certain Definitions.* As used in this Agreement:

(a) The term "beneficially owned" refers to the meaning of such terms as provided in Rule 13d-3 promulgated under the Exchange Act.

(b) The term "Designated Holder" means the Holder Representative.

(c) The term "Exchange Act" means the Securities Exchange Act of 1934, as amended, or any similar federal statute and the rules and regulations of the SEC thereunder, all as the same shall be in effect from time to time.

(d) The term "Holder" means each holder of Target Common Stock and each holder of options to purchase Target Common Stock (i) set forth on the signature pages hereto who has executed and delivered to USA a counterpart hereof or (ii) who has executed and delivered to USA a counterpart signature page hereto pursuant to Section 4.9, *provided*, *however*, that any such person shall cease to be a Holder at such time as the registration rights to which such person is entitled hereunder terminate pursuant to Section 1.10.

(e) The term "person" shall mean any person, individual, corporation, partnership, limited liability company, trust or other non-governmental entity or any governmental agency, court, authority or other body (whether foreign, federal, state, local or otherwise).

(f) The term "Registrable Securities" means (i) USA Common Stock to be issued to Holders in the Merger, and (ii) any USA Common Stock or other securities issued to such Holders by USA upon any stock split, stock dividend or recapitalization with respect to such USA Common Stock issued to Holders in the Merger.

(g) The term "Securities Act" means the Securities Act of 1933, as amended, or any similar federal statute and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time.

(h) The term "SEC" means the United States Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

(i) The term "Transfer" means offer, pledge, sell, contract to sell, sell any option or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly or enter into any swap

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or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, whether such transaction is settled by delivery of USA Common Stock, other securities, cash or otherwise.

(j) Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Merger Agreement.

1.2 *Registration.* USA shall use commercially reasonable efforts to prepare and file a registration statement on Form S-3 with respect to the resale of Registrable Securities by the Holders (or other appropriate form should Form S-3 be unavailable to USA in connection therewith, in which case USA shall promptly notify the Holders, the "Registration Statement") as soon as practicable and shall use commercially reasonable efforts to cause the Registration Statement to be declared effective by the SEC as soon as the conditions precedent set forth in Sections 8.1(a), (b), (c) and (d) and 8.2(h) of the Merger Agreement have been satisfied or waived; *provided, however,* that USA shall not be obligated to take any action to effect any such registration, qualification or compliance pursuant to this Section in any particular jurisdiction in which USA would be required to execute a general consent to service of process in effecting such registration, qualification or compliance unless USA is already subject to service in such jurisdiction and except as may be required by the Securities Act; *provided further* that USA shall not be required to file or seek effectiveness of the Registration Statement at such time as USA could have suspended the effectiveness of the Registration Statement pursuant to Section 1.5. Any reference herein to the Registration Statement as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time and any reference herein to any post-effective amendment to a registration statement as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time. Prior to filing the Registration Statement, USA shall provide the Designated Holder with a draft of such Registration Statement and modify any information regarding the Holders and the proposed manner of resale of the Registrable Securities as the Designated Holder may reasonably request on behalf of the Holders.

1.3 *Obligations of USA*. In connection with any registration of Registrable Securities pursuant to this Section 1, USA shall (except as otherwise provided in this Agreement):

(a) Use its commercially reasonable efforts, subject to Section 1.2, to cause the Registration Statement to be declared effective by the SEC and to remain effective until the earlier to occur of (x) the first anniversary of the Effective Time of the Merger (as defined in the Merger Agreement) and (y) the date on which the Holders no longer own any shares of Registrable Securities.

(b) Prepare and file with the SEC such amendments and supplements to the Registration Statement and the prospectus (the "Prospectus") used in connection therewith as may be necessary to make and to keep the Registration Statement effective and to comply with the provisions of the Securities Act with respect to the sale or other disposition of the Registrable Securities covered by such Registration Statement as contemplated therein and the instructions applicable to the form of such Registration Statement (including a post-effective amendment in accordance with Securities Act Rules 430A and 424(b)); and furnish to each Holder copies of any such supplement or amendment prior to its being used or promptly following its filing with the Commission.

(c) Furnish to the participating Holders such number of copies of any Prospectus (including any amended or supplemented Prospectus), in conformity with the requirements of the Securities Act, as the Holders may reasonably request in order to effect the offering and sale of the shares of Registrable Securities to be offered and sold, but only while USA shall be required under the provisions hereof to cause the Registration Statement to remain effective.

(d) Use its commercially reasonable efforts to register or qualify the shares of Registrable Securities covered by the Registration Statement under the securities or blue sky laws of such

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states as the participating Holders shall reasonably request and maintain any such registration or qualification current until the earlier to occur of (x) the first anniversary of the Effective Time of the Merger, and (y) the date on which the Holders no longer hold any shares of Registrable Securities so registered; *provided*, *however*, that USA shall not be required to qualify as a foreign corporation in any jurisdiction where USA is not so qualified that will require an escrow or other restriction relating to USA and/or the Holders or that will subject USA or its subsidiaries to any adverse business or financial consequences, including without limitation being subject to state income or other state taxes.

(e) List the Registrable Securities on each securities exchange or quotation system on which similar securities issued by USA are then listed, if the listing of such Registrable Securities is then permitted under the rules of such exchange or quotation system or if the listing requirements are waived. If listing on such securities exchange or quotation system cannot be immediately effected, then it shall be accomplished as soon as possible.

1.4 In addition to the foregoing obligations, from and after the Closing Date until such time as USA is no longer required under the provisions hereof to cause the Registration Statement to remain effective, USA shall (except as otherwise provided in this Agreement) provide (a) the Designated Holder and (b) a single counsel for the Holders drafts of any amendments or supplements to the Registration Statement or the Prospectus, as applicable, prior to the filing thereof.

1.5 *Certain Events*.

(a) USA shall, as expeditiously as possible, notify the Holders whose Registrable Securities have not been sold at any time when a prospectus relating to a registration statement covering any Holder's Registrable Securities is required to be delivered under the Securities Act of the happening of any of the following events: (i) when the Registration Statement or the Prospectus or any amendment or supplement thereto, as applicable, has been filed, and, with respect to the Registration Statement or any post-effective amendment, when the same has become effective, (ii) of the receipt by USA of any comments from the SEC or from the blue sky or securities commissioner or regulator of any state with respect thereto or any request by the SEC for amendments or supplements to the Registration Statement or Prospectus or for additional information, (iii) of the receipt by USA of any written notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening in writing of any proceeding for such purpose, (iv) the issuance by the SEC of any stop order or other suspension of the effectiveness of the Registration Statement (and USA shall make every reasonable effort to obtain the withdrawal of any such order at the earliest practicable moment), or (v) the occurrence of any event or the existence of any condition or set of facts of which it has knowledge which requires the making of any changes to the Registration Statement or related prospectus so that such documents will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (and, subject to Section 1.5(b), USA shall promptly prepare and file a curative supplement or amendment under Section 1.3(b) and deliver copies of such supplement or amendment to the Holders pursuant to Section 1.3(b)). Each Holder of Registrable Securities agrees that such Holder will, as expeditiously as possible, notify USA at any time when a prospectus relating to the Registration Statement is required to be delivered under the Securities Act, of the happening of any event of the kind described in this Section 1.5(a) as a result of any information provided by or on behalf of such Holder in writing for inclusion in the Prospectus included in the Registration Statement and, at the request of USA, promptly prepare and furnish to USA such information as may be necessary to prepare and file a curative supplement or amendment under Section 1.3(b). Each Holder of Registrable Securities shall be deemed to have agreed by acquisition of such Registrable Securities that upon the receipt of any notice from USA of the occurrence of any

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event of the kind described in this Section 1.5(a), such Holder shall forthwith discontinue such Holder's offer and disposition of Registrable Securities pursuant to the Registration Statement until such Holder shall have received copies of a supplemented or amended Prospectus which is no longer defective as contemplated by this Section 1.5(a) and, if so directed by USA, shall deliver to USA, at USA's expense, all copies (other than permanent file copies) of the defective prospectus covering such Registrable Securities which are then in such Holder's possession.

(b) Notwithstanding anything to the contrary set forth in this Agreement, USA may suspend the effectiveness of the Registration Statement if and only for so long as USA determines that such registration would require premature disclosure of material information relating to a pending corporate development; provided, further, that (i) any period of continuous suspension shall not exceed thirty (30) business days, and (ii) the Registration Statement shall not be suspended for an aggregate of greater than ninety (90) business days in any twelve month period. Upon receipt of notification of such suspension, the Holders will immediately suspend all offers and Transfers of any Registrable Securities pursuant to the Registration Statement until such

time as USA notifies the Holders that it has determined that such suspension period is ended, which notification shall occur promptly after USA has determined that such suspension period has ended.

1.6 *Expenses.*

(a) All Registration Expenses incurred in connection with any registration pursuant to this Section 1.6(a) shall be borne by USA. "Registration Expenses" shall mean the fees and expenses of USA's counsel and its accountant and all other costs and expenses of USA in complying with applicable securities and blue sky laws and this Agreement, including, without limitation, printing costs, listing fees and filing fees under the Securities Act of the Registration Statement and all amendments and supplements thereto and the cost of furnishing copies of each preliminary prospectus, each final prospectus and each amendment or supplement thereto to dealers and other initial purchasers of the securities so registered and the fees and expenses of USA's transfer agent.

(b) The participating Holders shall pay all fees and expenses applicable to the Registrable Securities of any counsel for the Holders and any brokers or placement agents hired by the Holders, including the commissions, fees and expenses of the Designated Investment Advisor (as defined below) in the event of an Advisor-Arranged Trade (as defined below) is consummated.

1.7 *Indemnification.*

(a) To the extent permitted by law, USA will indemnify each Holder, and each of their respective directors, officers and partners and each person who controls any of them against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on (i) any untrue statement (or alleged untrue statement) of a material fact contained in the Registration Statement, any preliminary prospectus, the Prospectus or any amendment or supplement thereto, or (ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each such person for any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action; *provided*, *however*, that USA will not be liable in any such case to the extent that any such claim, loss, damage or liability arises out of or is based on any untrue statement (or alleged untrue statement) or omission (or alleged untrue omission) made in the Registration Statement, preliminary prospectus, the Prospectus or amendment or supplement thereto in reliance upon, and in conformity with, information furnished to USA by or on behalf of any Holder in writing specifically for use therein; and *provided*, *further*, that, except in connection with the Advisor-Arranged Trade (as defined below), USA will not be liable to any such person with respect to any such untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus that is corrected in the final prospectus filed with the SEC pursuant to

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Rule 424(b) promulgated under the Securities Act (or any amendment or supplement to such prospectus) if the person asserting any such loss, claim, damage or liability purchased securities but was not sent or given a copy of the prospectus (as amended or supplemented) at or prior to the written confirmation of the sale of such securities to such person in any case where such delivery of the prospectus (as amended or supplemented) is required by the Securities Act. This indemnity agreement, together with the contribution agreement contained herein and the indemnification provisions set forth in the Merger Agreement, shall be the sole remedies of a Holder, or controlling person, with respect to the matters described herein.

(b) To the extent permitted by law, each Holder will, if Registrable Securities held by or issuable to such person are included in the securities as to which such registration, qualification or compliance is being effected, indemnify USA, each of its directors and officers who sign the Registration Statement, each person who controls USA within the meaning of the Securities Act and each other such Holder and each person controlling such Holder, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on (i) any untrue statement (or alleged untrue statement) of a material fact contained in the Registration Statement, Prospectus or amendment or supplement to the Prospectus, or (ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse USA and each of its directors and officers who sign the Registration Statement and such Holders and their respective controlling persons for any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in the Registration Statement, Prospectus, or amendment or supplement to the Prospectus in reliance upon and in conformity with information furnished to USA by or on behalf of any Holder in writing specifically for use therein. This indemnity agreement, together with the contribution agreement contained herein and the indemnification provisions set forth in the Merger Agreement, shall be the sole remedies of USA, each of its directors and officers who sign the Registration Statement and each person who controls USA, with respect to the matters described herein.

(c) Each party entitled to indemnification under this Section 1.7 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; *provided*, *however*, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld), and the Indemnified Party may participate in such defense at such party's expense, and *provided*, *further*, that the failure of any Indemnified Party to give notice as provided herein shall not affect the indemnification provided herein, except in the event and to the extent that the Indemnifying Party has been actually prejudiced as a result of such failure. No settlement of any action against an Indemnified Party shall be made without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld; *provided, however*, that a settlement which does not include an admission of fault, culpability or liability by the Indemnified Party nor the payment of any monetary or other damages by such party and includes an unconditional release of the Indemnified Party from all liability arising out of such claim shall not require such consent. If the Indemnifying Party fails to assume the defense of such claim or litigation arising therefrom, the Indemnified Party shall have the right to undertake the defense of such claim, at the Indemnifying Party's expense. If the named parties to any such action (including any impleaded parties) include both the Indemnifying Party and Indemnified Party and the Indemnified Party shall have been advised by counsel in writing that there may be one or more legal defenses available to the Indemnifying Party in conflict with any legal defenses which may be available to the Indemnified Party, the Indemnifying Party shall

not have the right to assume the defense of such action on behalf of the Indemnified Party, it being understood, however, that the Indemnifying Party shall, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable only for the reasonable fees and expenses of one separate firm of attorneys for all Indemnified Parties, which firm shall be designated in writing by Indemnified Parties holding a majority of the Registrable Securities with respect to which such action or related actions relate, and be approved by the Indemnifying Party.

(d) In order to provide for just and equitable contribution under the Securities Act in any case in which (i) the indemnified party makes a claim for indemnification pursuant to Section 1.7(a) or (b) hereof but is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that the express provisions of Section 1.7(a) or (b) hereof provide for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any indemnified party, then USA and the applicable Holder shall contribute to the payment or satisfaction of the aggregate losses, claims, damages or liabilities to which they may be subject (which shall, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees), in either such case (after contribution from others) on the basis of relative fault as well as any other relevant equitable considerations, which shall include both the relative fault of the parties and the relative benefits to the parties. 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 information supplied by USA on the one hand or the applicable Holder on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. USA and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 1.7(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 1.7(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this Section 1.7(d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. 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. Notwithstanding anything to the contrary set forth in this Agreement, no Holder shall be liable for more than the dollar amount of the proceeds received by such Holder from the sale of any Registrable Securities held by such Holder (after deducting any fees, discounts and commission applicable thereto).

(e) All fees and expenses of the Indemnified Party (including reasonable costs of defense and investigation in a manner not inconsistent with this Section 1.7 and all reasonable attorneys' fees and expenses) shall be promptly paid to the Indemnified Party, as incurred, within ten (10) business days of written notice thereof (accompanied by customary documentation detailing such expenses) to the Indemnifying Party; provided, however, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder.

1.8 *Cooperation with USA/Information by Holder.* The Holders shall reasonably cooperate with USA in all respects in connection with this Section 1.8, including timely supplying all information reasonably requested by USA (which shall include all information regarding the Holders and the proposed manner of sale of the Registrable Securities required to be disclosed in the Registration

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Statement) and executing and returning all documents containing terms customary for selling Holders in transactions of this type as reasonably requested in connection with the registration and sale of the Registrable Securities. Each Holder's obligations under this Section 1.8 shall include compliance by such Holder with respect to information to be provided by such Holder in connection with the Registration Statement, the Prospectus related thereto, or any supplement or amendment thereto, filed by USA pursuant to the provisions of Sections 1.3(b) or 1.5(a). Each Holder represents and warrants to USA that any sale by such Holder of Registrable Securities, whether pursuant to the Registration Statement or otherwise, shall be made in compliance with federal and applicable state and foreign securities laws. USA's obligations to any Holder under this Section 1 are conditioned upon compliance by such person with the provisions of Sections 1.8 and 3.

1.9 *Manner of Sale.* The Holders shall not be permitted to use the Registration Statement for purposes of an underwritten offering without the consent of USA.

1.10 *Termination of Registration Rights.* The registration rights granted pursuant to this Section 1 shall terminate as to any Holder upon the earlier to occur of (x) the first anniversary of the Effective Time of the Merger and (y) the date on which such Holder no longer owns any shares of Registrable Securities so registered; *provided, however,* that the provisions of Section 1.7 shall survive such termination with respect to claims and liabilities arising out of actions, statements, or omissions occurring prior to such termination.

SECTION 2
REPRESENTATIONS AND WARRANTIES

USA hereby represents and warrants to the Holders as follows: USA is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware. USA has full corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation by USA of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of USA, and no other proceedings on the part of USA are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by USA and constitutes a valid and binding agreement of USA, subject to applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting or relating to the enforcement of creditors rights generally and to general principles of equity.

SECTION 3
CERTAIN COVENANTS

3.1 *Pre-Closing Sale/Hedging Transactions.* Prior to the later of (i) the time of the effectiveness of the Registration Statement and (ii) the Notice Time (as defined below) or, in the event that USA has notified the Holders at the Notice Time of the election specified in Section 3.2(a)(A), prior to the settlement of the Arranged Trade, the Holders shall not, and shall cause their affiliates not to, (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Registrable Securities or any securities convertible into or exercisable or exchangeable for Registrable Securities or (b) enter into any swap or other arrangement

that Transfers to another, in whole or in part, any of the economic consequences of ownership of the Registrable Securities, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of the Registrable Securities or such other securities in cash or otherwise (any such transaction, a "Hedging or Sale Transaction"). Nothing in this Section 3.1 shall limit the Holders' ability to enter into any transaction in respect of any recognized market index or prevent any Holder from consulting with any other investment advisors in connection with the Stock Merger Consideration as long as such

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consultations are conducted in a confidential manner and such investment advisors are not marketing to investors; *provided, however*, that after the commencement of the Window Period, such investment advisors may market to investors so long as the Holders, the Company and their respective investment advisors work together in good faith to avoid market confusion with respect to the prospective sales of USA Common Stock being marketed; *provided, further*, that no Holder may Transfer, or enter into a binding commitment to Transfer, any of the Registrable Securities prior to the later of (i) the time of the effectiveness of the Registration Statement and (ii) the Notice Time (as defined below) or, in the event that USA has notified the Holders at the Notice Time of the election specified in Section 3.2(a)(A), prior to the settlement of the Arranged Trade.

3.2 *Plan of Distribution.* (a) The Holders will cooperate with any investment advisor designated by USA to facilitate the Holders' resale of the Registrable Securities (the "Designated Investment Advisor") as provided in this Section 3.2. No later than 5:00 p.m. Eastern time on the trading day prior to Closing Date (the "Notice Time"), USA shall notify the Holders in writing that either (A) the Merger Consideration will be comprised of all Cash Merger Consideration or Stock Merger Consideration and Cash Merger Consideration and that the Designated Investment Advisor will arrange for a block trade of all of the Registrable Securities included in the Stock Merger Consideration (an "Advisor-Arranged Trade"), or (B) USA will issue Cash Merger Consideration and Stock Merger Consideration without an Advisor-Arranged Trade. In the event that USA so notifies the Holders that the Designated Investment Advisor will arrange an Advisor-Arranged Trade, each Holder agrees to, and shall be obligated to, enter into a binding commitment to complete the Transfer of its Registrable Securities in such Advisor-Arranged Trade, provided that the terms of such Transfer:

(1) relate to all of the Registrable Securities covered by the Registration Statement;

(2) provide for aggregate net cash proceeds to each of the Holders (the "Target Proceeds") of no less than (i) such Holders' proportionate share of $175 million, based on the percentage such Holders' Registrable Securities bears to the total number of shares of USA Common Stock comprising the Stock Merger Consideration, in the event that USA does not elect to pay any portion of the Stock Merger Consideration in cash pursuant to Section 1.3 of the Merger Agreement or (ii) an amount equal to such Holders' proportionate share of $175 million minus the increase in the Cash Merger Consideration required by Section 1.3 of the Merger Agreement, based on the percentage such Holders' Registrable Securities bears to the total number of shares of USA Common Stock comprising the Stock Merger Consideration, in the event that USA elects to pay a portion of the Stock Merger Consideration in cash. In the case of either (i) or (ii) of this Section 3.2(a)(2), USA shall pay cash to the Holders, as contemplated by Section 1.1(c) of the Merger Agreement, to supplement their aggregate net cash proceeds from the Advisor-Arranged Trade in the event that such proceeds would otherwise be less than the Target Proceeds;

(3) are binding on the Designated Investment Advisor on the Closing Date, subject to consummation of the Merger;

(4) provide for a commission to the Designated Investment Advisor that is within the range of customary brokerage commissions for sales of block trades that are similar in relevant respects; and

(5) provide for the execution of such Transfer on the Closing Date and the settlement thereof on customary terms.

The foregoing shall not prevent any Holder from consulting with any other investment advisors in connection with the Stock Merger Consideration as long as such consultations are conducted in a confidential manner and such investment advisors are not marketing to investors; *provided, however*, that after the commencement of the Window Period, such investment advisors may market to investors

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so long as the Holders, the Company and their respective investment advisors work together in good faith to avoid market confusion with respect to the prospective sales of USA Common Stock being marketed; *provided, further*, that no Holder may Transfer, or enter into a binding commitment to Transfer, any of the Registrable Securities prior to the later of (i) the time of the effectiveness of the Registration Statement and (ii) the Notice Time or, in the event that USA has notified the Holders at the Notice Time of the election specified in Section 3.2(a)(A), prior to the settlement of the Arranged Trade.

(b) The Target Proceeds received in an Advisor-Arranged Trade shall be distributed to the Holders in accordance with the cash payment mechanisms set forth in Section 1.2(b) of the Merger Agreement.

(c) For the avoidance of doubt, if USA has notified the Holders at the Notice Time of the election specified in Section 3.2(a)(A) and issues Stock Merger Consideration at the Closing, then, pursuant to the terms of this Agreement and the Merger Agreement, the Holders shall receive, in the aggregate, cash in an amount at least equal to the Target Proceeds; if the aggregate proceeds from an Advisor-Arranged Trade are less than the Target Proceeds, USA shall pay the Holders, on a pro rata basis based on the number of Registrable Securities held by each Holder compared to the total number of Registrable Securities, an amount equal to the difference between the aggregate proceeds received in the Advisor-Arranged Trade and the Target Proceeds.

3.3 *Agreement to Deposit Shares.* If USA has notified the Holders at the Notice Time of the election specified in Section 3.2(a)(A) and issues Stock Merger Consideration at the Closing, then, each Holder shall direct the Transfer Agent to deposit any shares of USA Common Stock to be received by such Holder in the Merger with a custodian to be agreed upon by the Designated Holder and the Company prior to the Closing.

3.4 *Transfers of Registrable Securities.* Each Holder shall provide written notice to USA promptly following the time such Holder no longer holds any Registrable Securities.

3.5 *Transfers of Registration Rights.* No Holder may Transfer any of its rights or obligations under this Agreement to any person.

SECTION 4
MISCELLANEOUS

4.1 *Governing Law.* This Agreement shall be governed in all respects by the laws of the State of New York as applied to contracts entered into solely between residents of, and to be performed entirely within, such state, without regard to conflicts of laws principles.

4.2 *Successors and Assigns.* This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement may not be assigned by a party hereto without the prior written consent of the other parties hereto.

4.3 *No Third Party Beneficiaries.* This Agreement is not intended and shall not be construed to create any rights or remedies in any parties other than the Holders and USA and no other person shall assert any rights as third party beneficiary hereunder.

4.4 *Entire Agreement; Amendment.* This Agreement contains the entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersedes all prior agreements and understandings among the parties relating to the subject matter hereof. Neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

4.5 *Notices and Dates.* All notices or other communications required or permitted under this Agreement shall be made in the manner provided in Section 13.2 of the Merger Agreement. In the event that any date provided for in this Agreement falls on a Saturday, Sunday or legal holiday, such date shall be deemed extended to the next trading day.

4.6 *Counterparts.* This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been signed by each party and delivered to the other parties.

4.7 *Severability.* If any provision of this Agreement or portion thereof is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

4.8 *Effectiveness.* This Agreement shall terminate automatically and be of no further force and effect if (a) the Merger Agreement is terminated prior to the Effective Time of the Merger in accordance with its terms or (b) the Holders do not receive any Registrable Securities in connection with the Merger.

4.9 *Joinder.* Upon executing a counterpart signature page hereto during the period commencing the date of the Company Shareholders' Meeting (after the Merger has been approved by the vote of the Shareholders) and ending on the date that is 3 trading days thereafter, any holder of Target Common Stock or holder of options to purchase Target Common Stock (who has previously or concurrently therewith returned an executed Holders Acknowledgment), listed on *Exhibit A* attached hereto, but whose name is not set forth on the signature pages hereto on the date hereof, shall become a party hereto as such and as a Holder hereunder with respect to its Registrable Securities, as if such Optionholder or Shareholder had executed this Agreement on the date hereof.

4.10 *Remedies.* Each Holder and USA recognize and acknowledge that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain irreparable injury and damages, for which money damages would not provide an adequate remedy, and therefore each Holder and USA agrees that in the event of any such breach by another party hereto, such Holder or USA, as the case may be, shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective officers or partners hereunto duly authorized as of the date first above written.

USA INTERACTIVE

By: /s/ DANIEL C. MARRIOTT

Name: Daniel C. Marriott
Title: *SVP Strategic Planning*

CARLYLE PARTNERS II, L.P.

By: TC Group II, L.L.C., its General Partner
By: TC Group, L.L.C., its Managing Member
By: TCG Holdings, L.L.C., its Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE INTERNATIONAL PARTNERS II, L.P.

By: TC Group II, L.L.C., its General Partner

By: TC Group, L.L.C., its Managing Member
By: TCG Holdings, L.L.C., its Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE INTERNATIONAL PARTNERS III, L.P.

By: TC Group II, L.L.C., its General Partner
By: TC Group, L.L.C., its Managing Member
By: TCG Holdings, L.L.C., its Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

C/S INTERNATIONAL PARTNERS

By: TC Group II, L.L.C., its General Partner
By: TC Group, L.L.C., its Managing Member
By: TCG Holdings, L.L.C., its Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

STATE BOARD OF ADMINISTRATION OF FLORIDA,
separate account maintained pursuant to an Investment Management Agreement dated as of September 6, 1996 between the State Board of Administration of Florida, Carlyle Investment Group, L.P. and Carlyle Investment Management, L.L.C.

By: Carlyle Investment Management, L.L.C., as Investment Manager

By: /s/ ALLAN M. HOLT

Name: Allan M. Holt
Title:

CARLYLE-EPI PARTNERS, L.P.

By: TC Group, L.L.C., its General Partner
By: TCG Holdings, L.L.C., its sole Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE-EPI INTERNATIONAL PARTNERS, L.P.

By: TC Group, L.L.C., its General Partner
By: TCG Holdings, L.L.C., its sole Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE-EPI PARTNERS II, L.P.

By: TC Group, L.L.C., its General Partner
By: TCG Holdings, L.L.C., its sole Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE HIGH YIELD PARTNERS, L.P.

By: TCG High Yield, L.L.C., its General Partner
By: TCG High Yield Holdings, L.L.C., its Managing Member
By: TC Group, L.L.C., its Managing Member
By: TCG Holdings, L.L.C., its Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE SBC PARTNERS II, L.P.

By: TC Group II, L.L.C., its General Partner
By: TC Group, L.L.C., its Managing Member
By: TCG Holdings, L.L.C., its Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE INVESTMENT GROUP, L.P.

By: TC Group, L.L.C., its General Partner
By: TCG Holdings, L.L.C., its sole Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

QuickLinks

Exhibit 99.1

SECTION 1 REGISTRATION RIGHTS
SECTION 2 REPRESENTATIONS AND WARRANTIES
SECTION 3 CERTAIN COVENANTS
SECTION 4 MISCELLANEOUS

Exhibit 99.2

**VOTING AGREEMENT
AND
IRREVOCABLE PROXY**

THIS VOTING AGREEMENT AND IRREVOCABLE PROXY, dated as of November 20, 2002 (the "Agreement"), is entered into among USA Interactive, a Delaware corporation ("Acquiror"), Red Wing, Inc., a Michigan corporation and a wholly owned subsidiary of Acquiror ("Merger Sub"), and the shareholders of Entertainment Publications, Inc., a Michigan corporation (the "Company"), whose names appear on Schedule I hereto (collectively, the "Shareholders"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Merger Agreement.

W I T N E S S E T H:

WHEREAS, contemporaneously with the execution and delivery of this Agreement, Acquiror, Merger Sub, the Company and Carlyle-EPI Partners, L.P., a Delaware limited partnership, are entering into an Agreement and Plan of Merger, dated as of the date hereof (the "Merger Agreement"), which provides for the merger (the "Merger") of Merger Sub with and into the Company and the exchange of outstanding shares of common stock, par value $.01 per share, of the Company (the "Shares") for cash and shares of common stock, $.01 per share, of Acquiror;

WHEREAS, as of the date hereof, each Shareholder owns (beneficially and of record) the number of Shares set forth the opposite such Shareholder's name on Schedule I hereto (all Shares so owned or which may hereafter be acquired by such Shareholder prior to the termination of this Agreement, whether upon the exercise of options or by means of purchase, dividend, distribution or otherwise, being referred to herein as such Shareholder's "Owned Shares");

WHEREAS, as a condition to their willingness to enter into the Merger Agreement, Acquiror and Merger Sub have required that the Shareholders enter into this Voting Agreement; and

WHEREAS, in order to induce Acquiror and Merger Sub to enter into the Merger Agreement, the Shareholders are willing to enter into this Voting Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, Acquiror, Merger Sub and each of the Shareholders, severally and not jointly, hereby agree as follows:

ARTICLE I.

TRANSFER AND VOTING OF SHARES; AND OTHER COVENANTS OF THE SHAREHOLDERS

SECTION 1.1. *Voting of Shares.* At any meeting of the shareholders of the Company, however called, and in any action by consent of the shareholders of the Company, each Shareholder shall vote its Owned Shares (i) in favor of the Merger and the Merger Agreement (as amended from time to time), (ii) against any proposal for a Takeover Proposal other than the Merger and against any proposal for action or agreement that would result in the breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement or the Ancillary Agreements or which is reasonably likely to result in any of the conditions of the Company's obligations under the Merger Agreement not being fulfilled, any change in the directors of the Company, any change in the present capitalization of the Company or any amendment to the Company's Articles of Incorporation or Bylaws, any other material change in the Company's corporate structure or business, or any other action which could reasonably be expected to impede, interfere with, delay, postpone or materially adversely affect the transactions contemplated by the Merger Agreement or the Ancillary Agreements or the likelihood of such transactions being consummated and (iii) in favor of any other matter necessary for consummation of the transactions contemplated by the Merger Agreement or the Ancillary Documents which is considered at any such meeting of shareholders or in

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connection with any action by written consent of shareholders, and in connection therewith to execute any documents which are necessary or appropriate in order to effectuate the foregoing, including the ability for Merger Sub or its nominees to vote such Owned Shares directly.

SECTION 1.2. *No Inconsistent Arrangements.* Except as contemplated by this Agreement and the Merger Agreement, each Shareholder shall not during the term of this Agreement (i) transfer (which term shall include, without limitation, any sale, assignment, gift, pledge, hypothecation or other disposition), or consent to any transfer of, any or all of such Shareholder's Owned Shares or any interest therein, or create or, permit to exist any Encumbrance (as defined below) on such Owned Shares, (ii) enter into any contract, option or other agreement or understanding with respect to any transfer of any or all of such Owned Shares or any interest therein, (iii) grant any proxy, power-of- attorney or other authorization in or with respect to such Owned Shares, other than the proxy granted hereby, (iv) deposit such Owned Shares into a voting trust or enter into a voting agreement or arrangement with respect to such Owned Shares, or (v) take any other action with respect to the Owned Shares that would in any way restrict, limit or interfere with the performance of its obligations hereunder or the transactions contemplated hereby or by the Merger Agreement.

SECTION 1.3. *Proxy.* Each Shareholder hereby revokes any and all prior proxies or powers of attorney in respect of any of such Shareholder's Owned Shares and constitutes and appoints Merger Sub and Acquiror, or any nominee of Merger Sub and Acquiror, with full power of substitution and resubstitution, at any time during the term of this Agreement, as its true and lawful attorney-in-fact and proxy (its "Proxy"), for and in its name, place and stead, to demand that the Secretary of the Company call a special meeting of the shareholders of the Company for the purpose of considering any matter referred to in Section 1.1 (if permitted under the Company's Articles of Incorporation or Bylaws) and to vote each of such Owned Shares as its Proxy, with respect to the matters referred to in Section 1.1, at every annual, special, adjourned or postponed meeting of the shareholders or in connection with any action by written consent of shareholders, including the right to sign its name (as shareholder) to any consent, certificate or other document relating to the Company that Michigan Law may permit or require as provided in Section 1.1.

THE FOREGOING PROXY AND POWER OF ATTORNEY ARE IRREVOCABLE AND COUPLED WITH AN INTEREST THROUGHOUT THE TERM.

SECTION 1.4. *Restrictions on Transfer; Stop Transfer.* Each Shareholder shall not, directly or indirectly: (i) offer for sale, sell, transfer, tender, pledge, encumber, assign or otherwise dispose of, or enter into any contract, option or other arrangement or understanding with respect to or consent to the offer for sale, sale, transfer, tender, pledge, encumbrance, assignment or other disposition of, any or all of the Owned Shares or any interest therein; (ii) grant any proxies or powers of attorney or deposit any Owned Shares into a voting trust or enter into a voting agreement with respect to any Owned Shares; or (iii) take any action that would make any representation or warranty of such Shareholder contained herein untrue or incorrect or have the effect of preventing or disabling such Shareholder from performing any of such Shareholder's obligations under this Agreement. Each Shareholder agrees that such Shareholder shall not request that the Company register the transfer (book-entry or otherwise) of any certificate or uncertificated interest representing any of such Shareholder's Owned Shares, unless such transfer is made in compliance with this Agreement.

SECTION 1.5. *No Solicitation.* During the term of this Agreement, each Shareholder shall not, nor shall it permit any officer, director or employee of, or any financial advisor, attorney or other advisor or representative of, such Shareholder to: (i) solicit, initiate or knowingly encourage the submission of, any Takeover Proposal; (ii) enter into any agreement with respect to or approve or recommend, any Takeover Proposal; or (iii) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to the Company or any Subsidiary in connection with, or take any other action to knowingly facilitate the making of any proposal that constitutes, or

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may reasonably be expected to lead to, any Takeover Proposal. Each Shareholder shall promptly advise Acquiror orally and in writing of (i) any Takeover Proposal or any inquiry with respect to a potential Takeover Proposal that is received by or communicated to any such Shareholder or any officer or director of such Shareholder or, to the knowledge of the Shareholder, any financial advisor, attorney or other advisor or representative of such Shareholder, (ii) the material terms of such Takeover Proposal (including a copy of any written proposal) and (iii) the identity of the person making any such Takeover Proposal.

ARTICLE II.

REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDERS

Each Shareholder hereby represents and warrants to Acquiror and Merger Sub as follows:

SECTION 2.1. *Due Authorization, etc.* Such Shareholder has all requisite power and authority to execute, deliver and perform this Agreement, to appoint Merger Sub and Acquiror as its Proxy and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement, the appointment of Merger Sub and Acquiror as Shareholder's Proxy and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of Shareholder. This Agreement has been duly executed and delivered by or on behalf of such Shareholder and constitutes a legal, valid and binding obligation of such Shareholder, enforceable against such Shareholder in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws and except that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding for such remedy may be brought. There is no beneficiary or holder of a voting trust certificate or other interest of any trust of which such Shareholder is trustee whose consent is required for the execution and delivery of this Agreement of the consummation by such Shareholder of the transactions contemplated hereby.

SECTION 2.2. *No Conflicts; Required Filings and Consents.*

(a) The execution and delivery of this Agreement by such Shareholder does not, and the performance of this Agreement by such Shareholder will not, (i) conflict with or violate any charter, bylaws or other organizational documents of such shareholder, (ii) conflict with or violate any trust agreement or other similar documents relating to any trust of which such Shareholder is trustee, (iii) conflict with or violate any law applicable to such Shareholder or by which such Shareholder or any of such Shareholder's properties is bound or affected or (iv) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, acceleration or cancellation of, or result in the creation of a lien or encumbrance on any assets of such Shareholder, including, without limitation, such Shareholder's Owned Shares, pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which such Shareholder is a party or by which such Shareholder or any of such Shareholder's assets is bound or affected, except, in the case of clauses (iii) and (iv), for any such breaches, defaults or other occurrences that would not prevent or delay the performance by such Shareholder of such Shareholder's obligations under this Agreement.

(b) The execution and delivery of this Agreement by such Shareholder does not, and the performance of this Agreement by such Shareholder will not, require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority (other than any necessary filing under the HSR Act or approvals or consents required under applicable foreign antitrust or competition laws or the Exchange Act), domestic or foreign, except where the failure to obtain such consents, approvals, authorizations or permits, or to make

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such filings or notifications, would not prevent or delay the performance by such Shareholder of such Shareholder's obligations under this Agreement.

SECTION 2.3. *Title to Shares.* Such Shareholder is the sole record and beneficial owner of its Owned Shares, free and clear of any pledge, lien, security interest, mortgage, charge, claim, equity, option, proxy, voting restriction, voting trust or agreement, understanding, arrangement, right of first refusal, limitation on disposition, adverse claim of ownership or use or encumbrance of any kind ("Encumbrances"), other than restrictions imposed by the securities laws or pursuant to this Agreement and the Merger Agreement.

SECTION 2.4. *No Finder's Fees.* Except for the fees to T.C. Group, L.L.C. that are included in the Holder Allocable Expenses, no broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of such Shareholder. Such Shareholder, on behalf of itself and its affiliates, hereby acknowledges that it is not entitled to receive any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby or by the Merger Agreement.

ARTICLE III.

MISCELLANEOUS

SECTION 3.1. *Definitions.* Terms used but not otherwise defined in this Agreement have the meanings ascribed to such terms in the Merger Agreement.

SECTION 3.2. *Termination.* This Agreement shall terminate and be of no further force and effect (i) upon the written mutual consent of the parties hereto, (ii) upon termination of the Merger Agreement in accordance with its terms, or (iii) automatically and without any required action of the parties hereto upon the Effective Time. No such termination of this Agreement shall relieve any party hereto from any liability for any breach of this Agreement prior to termination.

SECTION 3.3. *Further Assurance.* From time to time, at another party's request and without consideration, each party hereto shall execute and deliver such additional documents and take all such further action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transaction contemplated by this Agreement.

SECTION 3.4. *Certain Events.* Each Shareholder agrees that this Agreement and such Shareholder's obligations hereunder shall attach to such Shareholder's Owned Shares and shall be binding upon any person or entity to which legal or beneficial ownership of such Owned Shares shall pass, whether by operation of law or otherwise, including, without limitation, such Shareholder's heirs, guardians, administrators, or successors. Notwithstanding any transfer of Owned Shares, the transferor shall remain liable for the performance of all its obligations under this Agreement.

SECTION 3.5. *No Waiver.* The failure of any party hereto to exercise any right, power, or remedy provided under this agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, any custom or practice of the parties at variance with the terms hereof shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

SECTION 3.6. *Specific Performance.* Each Shareholder acknowledges that if such Shareholder fails to perform any of its obligations under this Agreement immediate and irreparable harm or injury would be caused to Acquiror and Merger Sub for which money damages would not be an adequate remedy. In such event, each Shareholder agrees that each of Acquiror and Merger Sub shall have the right, in addition to any other rights it may have, to specific performance of this Agreement. Accordingly, if Acquiror or Merger Sub should institute an action or proceeding seeking specific enforcement of the provisions hereof, each Shareholder hereby waives the claim or defense that

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Acquiror or Merger Sub, as the case may be, has an adequate remedy at law and hereby agrees not to assert in any such action or proceeding the claim or defense that such a remedy at law exists. Each Shareholder further agrees to waive any requirements for the securing or posting of any bond in connection with obtaining any such equitable relief.

SECTION 3.7. *Notice.* All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made (i) as of the date delivered or sent by facsimile if delivered personally or by facsimile, and (ii) on the third business day after deposit in the U.S. mail, if mailed by registered or certified mail (postage prepaid, return receipt requested), in each case to the parties at the following addresses (or at such other address for a party as shall be specified by like notice, except that notices of changes of address shall be effective upon receipt):

(a) If to Acquiror or Merger Sub:

c/o USA Interactive
152 West 57th Street
New York, New York 10019
Attention: General Counsel
Facsimile: (212) 314-7439

With a copy to:

Gibson, Dunn & Crutcher LLP
333 South Grand Avenue
Los Angeles, California 90071
Attention: Karen E. Bertero
Facsimile: (213) 229-6360

(b) If to a Shareholder, at the address set forth below such Shareholder's name on Schedule I hereto.

SECTION 3.8. *Expenses.* All fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such fees, costs and expenses.

SECTION 3.9. *Headings.* The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 3.10. *Severability.* If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the maximum extent possible.

SECTION 3.11. *Entire Agreement; No Third-Party Beneficiaries.* This Agreement constitutes the entire agreement and supersede any and all other prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof, and this Agreement is not intended to confer upon any other person any rights or remedies hereunder.

SECTION 3.12. *Assignment.* This Agreement shall not be assigned by operation of law or otherwise.

SECTION 3.13. *Governing Law.* This Agreement shall be governed by, and construed in accordance with, the laws of the State of Michigan applicable to contracts executed in and to be performed entirely within that State.

SECTION 3.14. *Amendment.* This Agreement may not be amended except by an instrument in writing signed by the parties hereto.

SECTION 3.15. *Waiver.* Any party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties of the other parties hereto contained herein or in any document delivered pursuant hereto and (c) waive compliance by the other parties hereto with any of their agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only as against such party and only if set forth in an instrument in writing signed by such party. The failure of any party hereto to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

SECTION 3.16. *Counterparts.* This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, Acquiror, Merger Sub and the Shareholders have caused this Agreement to be executed as of the date first written above.

USA INTERACTIVE

By: /s/ DANIEL C. MARRIOTT

Name: Daniel C. Marriott
Title: *SVP-Strategic Planning*

RED WING, INC.

By: /s/ DARA KHOSROWSHAHI

Name: Dara Khosrowshahi
Title: *President*

CARLYLE PARTNERS II, L.P.

By: TC Group II, L.L.C., its General Partner
By: TC Group, L.L.C., its Managing Member
By: TCG Holdings, L.L.C., its Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE INTERNATIONAL PARTNERS II, L.P.

By: TC Group II, L.L.C., its General Partner
By: TC Group, L.L.C., its Managing Member
By: TCG Holdings, L.L.C., its Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE INTERNATIONAL PARTNERS III, L.P.

By: TC Group II, L.L.C., its General Partner
By: TC Group, L.L.C., its Managing Member

By: TCG Holdings, L.L.C., its Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

C/S INTERNATIONAL PARTNERS

By: TC Group II, L.L.C., its General Partner
By: TC Group, L.L.C., its Managing Member
By: TCG Holdings, L.L.C., its Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

STATE BOARD OF ADMINISTRATION OF FLORIDA,
separate account maintained pursuant to an Investment Management Agreement dated as of September 6, 1996 between the State Board of Administration of Florida, Carlyle Investment Group, L.P. and Carlyle Investment Management, L.L.C.

By: Carlyle Investment Management, L.L.C., as Investment Manager

By: /s/ ALLAN M. HOLT

Name: Allan M. Holt
Title:

CARLYLE-EPI PARTNERS, L.P.

By: TC Group, L.L.C., its General Partner
By: TCG Holdings, L.L.C., its sole Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE-EPI INTERNATIONAL PARTNERS, L.P.

By: TC Group, L.L.C., its General Partner
By: TCG Holdings, L.L.C., its sole Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE-EPI PARTNERS II, L.P.

By: TC Group, L.L.C., its General Partner
By: TCG Holdings, L.L.C., its sole Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE HIGH YIELD PARTNERS, L.P.

By: TCG High Yield, L.L.C., its General Partner
By: TCG High Yield Holdings, L.L.C., its Managing Member
By: TC Group, L.L.C., its Managing Member
By: TCG Holdings, L.L.C., its Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE SBC PARTNERS II, L.P.

By: TC Group II, L.L.C., its General Partner
By: TC Group, L.L.C., its Managing Member
By: TCG Holdings, L.L.C., its Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

CARLYLE INVESTMENT GROUP, L.P.

By: TC Group II, L.L.C., its General Partner
By: TCG Holdings, L.L.C., its sole Managing Member

By: /s/ PETER J. CLARE

Name: Peter J. Clare
Title: *Managing Director*

QuickLinks

Exhibit 99.2

VOTING AGREEMENT AND IRREVOCABLE PROXY