

USA INTERACTIVE  
Form S-4/A  
December 17, 2002

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As Filed with the Securities and Exchange Commission on December 17, 2002

Registration No. 333-101199

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## SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

**Amendment No. 1**

to

### **FORM S-4**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

### **USA INTERACTIVE**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**4833**  
(Primary Standard Industrial  
Classification Code Number)  
**152 West 57th Street**  
**New York, New York 10019**  
**(212) 314-7300**

**59-2712887**  
(I.R.S. Employer  
Identification Number)

(Address, including Zip Code, and Telephone Number, including  
Area Code, of Registrant's Principal Executive Offices)

---

**Julius Genachowski**  
**Executive Vice President, General Counsel and Secretary**  
**USA Interactive**  
**152 West 57th Street**  
**New York, New York 10019**  
**(212) 314-7300**

(Name, Address, including Zip Code, and Telephone Number,  
including Area Code, of Agent For Service)

---

**Copies to:**

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**Wachtell, Lipton, Rosen & Katz**  
**51 West 52nd Street**  
**New York, New York 10019**  
**(212) 403-1000**

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**Executive Vice President**  
**and General Counsel**  
**Ticketmaster**  
**3701 Wilshire Boulevard**  
**Los Angeles, California 90010**  
**(213) 639-6100**

**R. Robert Popeo**  
**Mintz, Levin, Cohn, Ferris,**  
**Glovsky and Popeo, P.C.**  
**One Financial Center**  
**Boston, Massachusetts 02111**  
**(617) 542-6000**

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**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 information statement/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.

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.

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.

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

**The information in this information statement/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 information statement/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.**

**Subject to Completion, dated December 17, 2002**

### PROSPECTUS

As you may be aware, the board of directors of Ticketmaster, based upon the unanimous recommendation of a special committee of its independent directors, has approved a merger agreement that would result in Ticketmaster becoming a wholly owned subsidiary of USA Interactive. In the merger, each outstanding share of Ticketmaster Class A common stock and Ticketmaster Class B common stock (other than shares held by USA, Ticketmaster or any of their respective subsidiaries, and shares of Ticketmaster Class A common stock held by Ticketmaster stockholders who validly perfect appraisal rights under Delaware law) would be converted into 0.935 of a share of USA common stock. USA expects to issue approximately 45.1 million shares of USA common stock at the closing of the merger. In connection with the merger, the special committee received an opinion of Credit Suisse First Boston Corporation that, as of the date of its opinion, the exchange ratio is fair from a financial point of view to the holders of Ticketmaster Class A common stock and Ticketmaster Class B common stock (other than USA and its affiliates).

Both USA and Ticketmaster believe the merger will enhance stockholder value by providing Ticketmaster stockholders, through a tax-free transaction, with a significant premium for their Ticketmaster shares as well as the opportunity to participate in the growth and future value of USA.

Because USA, which currently owns approximately 66.3% of the outstanding shares of Ticketmaster Class A common stock and Class B common stock and 93.0% of the combined voting power of Ticketmaster's outstanding shares, signed a written stockholder's consent adopting and approving the merger agreement and the proposed merger, no action is required on your part. **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 14 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" and Ticketmaster Class B common stock is listed on the Nasdaq National Market under the symbol "TMCS." Based on the closing price of USA common stock on the Nasdaq National Market on December [ ], 2002, the date immediately prior to the date of this information statement/prospectus, 0.935 of a share of USA common stock had a value of \$[ ]. You should be aware that, because the number of shares of USA common stock you will receive per Ticketmaster share in the merger is fixed, the value of the consideration you will receive in the merger will fluctuate as the market price of USA common stock changes.

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 information statement/prospectus is December [ ], 2002 and it is being distributed to Ticketmaster stockholders on or about December [ ], 2002.

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### IMPORTANT

This document, which is sometimes referred to as the information statement/prospectus, constitutes an information statement of Ticketmaster, and a prospectus of USA for the shares of USA common stock that USA will issue to Ticketmaster stockholders in the merger. This document also constitutes notice of the contemplated merger to the holders of outstanding and unexercised warrants to acquire shares of Ticketmaster common stock pursuant to the terms of the underlying warrant documents. As permitted under the rules of the U.S. Securities and Exchange Commission, or the SEC, this information statement/prospectus incorporates important business and financial information about USA, Ticketmaster and their affiliates that is contained in documents filed with the SEC and that is not included in or delivered with this information statement/prospectus. You may obtain copies of these documents, without charge, from the website maintained by the SEC at [www.sec.gov](http://www.sec.gov), as well as other sources. See "Where You Can Find More Information" beginning on page 93. You may also obtain copies of these documents, without charge, from USA and from Ticketmaster by writing or calling:

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

Attention: Corporate Secretary

Ticketmaster  
3701 Wilshire Boulevard  
Los Angeles, California 90010  
(213) 639-6100

Attention: Corporate Secretary

You also may obtain documents incorporated by reference into this information statement/prospectus, without charge, by requesting them in writing or by telephone from MacKenzie Partners, Inc., the information agent for the merger, at the following address and telephone number:

105 Madison Avenue  
New York, New York 10016  
(212) 929-5500 (collect)  
(800) 322-2885 (toll-free)

**In order to obtain delivery of these documents prior to completion of the merger, you should request such documents no later than January [ ], 2003.**

Except as otherwise specifically noted, references to "us," "we" or "our" refer to both USA and Ticketmaster. Except as otherwise specifically noted, references to "shares of Ticketmaster common stock" or "Ticketmaster shares" refer to shares of Ticketmaster Class A common stock and/or shares of Ticketmaster Class B common stock, and references to "outstanding shares of Ticketmaster common stock" or "outstanding Ticketmaster shares" do not include shares held by wholly owned subsidiaries of Ticketmaster.

In "Questions and Answers About the Merger" below and in the "Summary" beginning on page 1, we highlight selected information from this information statement/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 information statement/prospectus, including the appendices, as well as the documents that we have incorporated by reference into this document. See "Where You Can Find More Information" beginning on page 93.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

**Q: What is the proposed transaction?**

A: USA is proposing to acquire all of the outstanding shares of Ticketmaster Class A common stock and Ticketmaster Class B common stock that it does not already own. The acquisition will be effected by the merger of a wholly owned subsidiary of USA with and into Ticketmaster, with Ticketmaster surviving as a wholly owned subsidiary of USA.

**Q: Why is USA acquiring the remaining Ticketmaster shares that it does not already own?**

A: USA believes that the combined company will benefit from, among other things, the alignment of management interests and the ability of a combined company to offer improved and integrated products and services, in each case creating greater value for both USA's and Ticketmaster's stockholders. To review USA's reasons for the merger, as well as the special committee's and Ticketmaster's reasons for the merger, see the discussion beginning on page 24.

**Q: What will I receive in exchange for my Ticketmaster shares?**

A: You will receive 0.935 of a share of USA common stock in exchange for each share of Ticketmaster Class A common stock that you own at the time the merger is completed (unless you properly exercise appraisal rights with respect to shares of Ticketmaster Class A common stock) and 0.935 of a share of USA common stock in exchange for each share of Ticketmaster Class B common stock that you own at the time the merger is completed. USA will not issue fractional shares of USA common stock. Any Ticketmaster stockholder entitled to receive a fractional share of USA common stock will receive a cash payment instead of a fractional share.

**Q: How does the consideration in the merger differ from the consideration in the contemplated exchange offer USA announced on June 3, 2002?**

A: On June 3rd, USA announced its intention to commence an exchange offer of 0.8068 of a share of USA common stock for each Ticketmaster share that USA did not own, which represented a 7.5% premium over the closing price of Ticketmaster Class B common stock immediately prior to USA's June 3rd announcement. On June 5th, USA announced that it would not commence any exchange offer in the near future, and no exchange offer was ever commenced. The 0.935 exchange ratio in the merger reflects a 19.8% premium based on the 20-day average of the ratios of Ticketmaster to USA stock prices leading up to the last trading date before USA's June 3rd announcement, and a 19.2% premium based on the 20-day average of the ratios of Ticketmaster to USA stock prices leading up to the close of the markets on October 9, 2002, the last trading date before USA and Ticketmaster announced the merger.

**Q: Is my vote needed to approve the merger?**

A: No. Delaware law allows stockholders to act by written consent instead of holding a meeting, unless prohibited by the company's certificate of incorporation. Ticketmaster's certificate of incorporation does not prohibit stockholder action by written consent. Since USA controls a sufficient number of shares of Ticketmaster Class A common stock and Ticketmaster Class B common stock to approve the merger by written consent, and has already executed a written consent voting these shares in favor of the merger, no other

vote of stockholders is required.

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

A: Under Delaware law, only holders of shares of Ticketmaster Class A common stock will be entitled to appraisal rights in connection with the merger. For a detailed discussion of the appraisal rights of holders of shares of Ticketmaster Class A common stock, see "The Merger Appraisal Rights" beginning on page 40.

**Q: Will I be taxed on the USA common stock that I receive?**

A: The exchange of shares by Ticketmaster stockholders is intended to be tax-free to Ticketmaster stockholders for United States federal income tax purposes, except for taxes on cash received instead of fractional shares of USA common stock and cash received by holders of shares of Ticketmaster Class A common stock properly exercising appraisal rights in connection with the merger. We recommend that you carefully read the complete explanation of the material federal income tax consequences of the merger beginning on page 38, 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 Ticketmaster common stock for shares of USA common stock and cash instead of fractional shares of USA common stock. **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: Subject to the satisfaction of a limited number of conditions, we currently expect to complete the merger on the 20th business day from the date this document is first mailed to Ticketmaster stockholders.

**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 93.

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## SUMMARY

*The following summary highlights selected information from this information statement/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 93.*

### Information About the Parties

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### *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; Precision Response Corporation; Electronic Commerce Solutions; Styleclick, Inc. (OTCBB: IBUYA); and will include Entertainment Publications, Inc. upon the close of the USA/Entertainment transaction.

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

### *Ticketmaster*

3701 Wilshire Boulevard  
Los Angeles, California 90010  
(213) 639-6100

Ticketmaster (Nasdaq: TMCS), the world's leading ticketing and access company, sold 86.7 million tickets in 2001 valued at more than \$3.6 billion, through approximately 3,300 retail Ticket Center outlets; 20 worldwide telephone call centers; and ticketmaster.com. Ticketmaster serves more than 7,000 clients worldwide and acts as the exclusive ticketing service for hundreds of leading arenas, stadiums, performing arts venues, and theaters and is the official ticketing provider and supporter of the Athens 2004 Olympic Games. Ticketmaster also operates Match.com, a leading subscription-based online dating site, Citysearch, a leading online local network enabling people to get the most out of their city, and ReserveAmerica, the number one access point for outdoor recreation. Headquartered in Los Angeles, California, Ticketmaster is majority owned by USA.

### *T Merger Corp.*

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

T Merger Corp., a Delaware corporation, is a wholly owned subsidiary of USA created solely for the purpose of effecting the merger. In the merger, T Merger Corp. will be merged with and into Ticketmaster, with Ticketmaster surviving the merger as a wholly owned subsidiary of USA.

### **Background to the Merger; Formation of the Special Committee**

After USA announced on June 3, 2002 its intention to pursue the acquisition of the remaining shares of Ticketmaster common stock that it did not already own, the Ticketmaster board of directors formed a special committee of independent directors to consider USA's announcement and a possible transaction with USA. The special committee was also authorized to negotiate a different transaction with USA

and to make recommendations to the Ticketmaster board of directors regarding a possible transaction with USA, including a merger. The special committee independently selected and retained legal and financial advisors to assist the special committee in connection with a possible transaction with USA. In October 2002, after extensive negotiation with USA, the special committee unanimously determined that the merger was fair to, and in the best interests of, the holders of Ticketmaster Class A common stock and Ticketmaster Class B common stock (other than USA and its affiliates) and unanimously recommended that Ticketmaster's board of directors approve the merger agreement and the merger described in this information statement/prospectus.

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We discuss the special committee in greater detail under "The Merger Background to the Merger" beginning on page 18.

### Interests of Certain Persons in the Merger

You should be aware that a number of directors and officers of Ticketmaster, some of whom are directors and/or executive officers of USA, have interests in the merger that are different from, or in addition to, your interests as a Ticketmaster stockholder. We describe these interests beginning on page 53 of this document.

### Reasons for the Merger

The board of directors of Ticketmaster, based on a recommendation of its special committee, believes that the merger is fair to, and in the best interests of, the holders of Ticketmaster Class A common stock and Class B common stock (other than USA and its affiliates). For a description of the factors on which the special committee and the board of directors of Ticketmaster based their determinations, see "The Special Committee's and Ticketmaster's Reasons for the Merger" beginning on page 25. 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 24.

### Opinion of the Financial Advisor to the Special Committee (Page 27)

In deciding to approve the merger, Ticketmaster's board of directors considered, among other things, advice from the financial advisor to the special committee of the Ticketmaster board, Credit Suisse First Boston. The special committee received an opinion from Credit Suisse First Boston that, as of the date of its opinion, the exchange ratio of 0.935 was fair, from a financial point of view, to the holders of Ticketmaster common stock (other than USA and its affiliates). The full text of Credit Suisse First Boston's written opinion is attached as *Appendix B* to this document. We encourage you to read it carefully in its entirety.

### Treatment of Ticketmaster Stock Options and Restricted Stock Awards (Page 59)

If we successfully complete the merger, USA will assume Ticketmaster's employee stock options. As a result, options to acquire shares of Ticketmaster common stock will be converted into options to acquire shares of USA common stock, based on the exchange ratio, with substantially similar terms in all other respects. Existing stock options to acquire shares of USA common stock will not be affected by the merger.

If we successfully complete the merger, USA also will assume Ticketmaster's obligations with respect to Ticketmaster's restricted stock awards. As a result, Ticketmaster restricted stock awards will be converted into USA restricted stock awards, based on the exchange ratio, with substantially similar terms and restrictions.

### Treatment of Ticketmaster Warrants (Page 60)

If we successfully complete the merger, outstanding and unexercised warrants to acquire shares of Ticketmaster Class B common stock will become exercisable solely for shares of USA common stock based on the exchange ratio, with substantially similar terms.

### Ownership of USA Following the Merger

We anticipate that USA will issue approximately 45.1 million shares of USA

common stock at the closing of the merger, or 9.1% of the shares of USA common stock that will be outstanding at the conclusion of the merger and 9.0% on a fully-diluted treasury method basis, in each case based on the number of outstanding shares of Ticketmaster and USA on September 30, 2002. Those shares represent approximately 4.1% of the combined voting power of USA immediately following completion of

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the merger, and 4.0% 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.

### **The Merger Agreement (Page 58)**

The merger agreement is the legal document that governs the merger and the other transactions contemplated by the merger agreement. We have attached the merger agreement as *Appendix A* to this document. We urge you to read it carefully in its entirety.

### **Appraisal Rights in Connection with the Merger**

Under Delaware law, you have the right to seek appraisal of the value of your shares of Ticketmaster Class A common stock (but not your shares of Ticketmaster Class B common stock), provided that you properly perfect your appraisal rights. For a detailed discussion of these appraisal rights, see "The Merger Appraisal Rights" beginning on page 40.

### **Regulatory Approvals (Page 42)**

We are not aware of any material regulatory approvals 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 43)**

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. While Ticketmaster is also governed by Delaware law, your rights under USA's charter and by-laws differ in some respects from your rights under Ticketmaster's charter and by-laws. For a summary of these material differences, see the discussion beginning on page 78 of this information statement/prospectus.

### **Selected Historical Financial Information of USA and Ticketmaster**

We are providing the following selected financial information to assist you in analyzing the financial aspects of the merger. The selected USA and Ticketmaster financial data set forth below, including the accompanying notes, are qualified in their entirety by, and should be read in

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conjunction with, the historical consolidated financial statements and related notes contained in the annual, quarterly and other reports filed by USA and Ticketmaster with the SEC, which we have incorporated by reference into this information statement/prospectus. See "Where You Can Find More Information" beginning on page 93.

### *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.

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

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<i>USA Interactive</i>	Year Ended December 31,					Nine Months Ended September 30,	
	1997 <sup>(1)</sup>	1998 <sup>(2)(3)</sup>	1999 <sup>(4)</sup>	2000 <sup>(5)</sup>	2001 <sup>(6)</sup>	2001 <sup>(6)</sup>	2002 <sup>(7)</sup>
<b>(In thousands, except per share data)</b>							
<b>Statements of Operations Data:</b>							
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 <sup>(8)(10)</sup>	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	0.15	0.04	(0.21)	(0.48)	(0.50)	(0.38)	(0.36)

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	Year Ended December 31,				Nine Months Ended September 30,			
shareholders <sup>(8)(10)</sup>								
Basic earnings (loss) per common share before cumulative effect of accounting change available to common shareholders <sup>(8)(10)</sup>	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 <sup>(8)(10)</sup>	0.06	0.21	(0.08)	(0.41)	1.05	1.21	5.39	
Basic earnings (loss) per common share available to common shareholders <sup>(8)(10)</sup>	0.06	0.27	(0.08)	(0.41)	1.03	1.18	4.29	
Diluted earnings (loss) per common share available to common shareholders <sup>(8)(10)</sup>	0.06	0.21	(0.08)	(0.41)	1.03	1.18	4.29	
<b>Balance Sheet Data (end of period):</b>								
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 <sup>(9)</sup>							131	
Stockholders' equity	1,447,354	2,571,405	2,769,729	3,439,871	3,945,501	3,993,871	7,776,217	
<b>Other Data:</b>								
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)

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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 Intangible 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)					
<b><u>Earnings (loss) from continuing operations available to common shareholders</u></b>					
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	
	\$ 2,647	\$ (5,693)	\$ (52,722)	\$ (39,984)	\$ (149,234)
<b><u>Basic earnings (loss) per share from continuing operations as adjusted:</u></b>					
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	
	\$ 0.01	\$ (0.02)	\$ (0.14)	\$ (0.11)	\$ (0.36)
<b><u>Diluted earnings (loss) per share from continuing operations as adjusted:</u></b>					
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	
	\$ 0.01	\$ (0.02)	\$ (0.14)	\$ (0.11)	\$ (0.36)

**Net income (loss) available to common shareholders**

Net income (loss) available to common shareholders	\$	(27,631)	\$	(147,983)	\$	383,608	\$	440,557	\$	1,796,491
Add: goodwill amortization		104,704		206,151		176,413		132,445		
Net earnings available to common shareholders as adjusted	\$	77,073	\$	58,168	\$	560,021	\$	573,002	\$	1,796,491

**Basic earnings (loss) per share as adjusted:**

Reported basic net earnings (loss) per share	\$	(0.08)	\$	(0.41)	\$	1.03	\$	1.18	\$	4.29
Add: goodwill amortization		0.32		0.57		0.47		0.36		
Adjusted basic net earnings per share	\$	0.24	\$	0.16	\$	1.50	\$	1.54	\$	4.29

**Diluted earnings per share as adjusted:**

Reported diluted net earnings (loss) per share	\$	(0.08)	\$	(0.41)	\$	1.03	\$	1.18	\$	4.29
Add: goodwill amortization		0.29		0.57		0.47		0.36		
Adjusted diluted net earnings per share	\$	0.21	\$	0.16	\$	1.50	\$	1.54	\$	4.29

***Ticketmaster Selected Historical Consolidated Financial Data***

The selected financial data below as of and for the nine months ended September 30, 2002 and 2001 were prepared using Ticketmaster's unaudited financial statements. The selected financial data below as of December 31, 2001, 2000, 1999 and 1998, and the years ended December 31, 2001, 2000 and 1999, the eleven months ended December 31, 1998 and the year ended January 31, 1998 are derived from the audited financial statements of Ticketmaster. In addition, periods prior to the combination of Ticketmaster Online-Citysearch, Inc. and Ticketmaster Group, Inc. on January 31, 2001 have been restated to give effect to that transaction, which we refer to in this document as the Ticketmaster combination. The selected financial data presented below as of January 31, 1998 is derived from audited financial statements of Ticketmaster Group, Inc. The selected financial data is presented as if the Ticketmaster combination had occurred at the beginning of the earliest period presented in a manner similar to a pooling-of-interests transaction.

<i>Ticketmaster</i>	Year ended January 31, 1998	Eleven months ended December 31, 1998 <sup>(2)</sup>	Year ended December 31,			Nine months ended September 30,	
			1999 <sup>(1)</sup>	2000 <sup>(1)</sup>	2001 <sup>(1)</sup>	2001	2002
(In thousands, except for per share data)							

**Statement of Operations Data:**

Total revenues	\$	340,980	\$	353,671	\$	498,530	\$	606,720	\$	675,184	\$	515,590	\$	601,586
Income (loss) from operations <sup>(3)</sup>		28,108		(3,842)		(91,445)		(198,363)		(149,091)		(109,252)		19,962
Income (loss) before cumulative effect of accounting change		8,147		(25,550)		(115,284)		(230,023)		(164,474)		(118,521)		14,334
Net income (loss) <sup>(7)</sup>		8,147		(25,550)		(115,284)		(230,023)		(164,474)		(118,521)		(100,458)
Basic income (loss) per common share before cumulative effect of accounting change <sup>(4)</sup>		0.09		(0.26)		(0.90)		(1.65)		(1.16)		(0.84)		0.10
Diluted income (loss) per common share before cumulative		0.09		(0.26)		(0.90)		(1.65)		(1.16)		(0.84)		0.10

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	Nine months ended September 30,						
effect of accounting change <sup>(4)</sup>	)						
Basic income (loss) per common share <sup>(4)(7)</sup>	0.09	(0.26)	(0.90)	(1.65)	(1.16)	(0.84)	(0.70)
Diluted income (loss) per common share <sup>(4)(7)</sup>	0.09	(0.26)	(0.90)	(1.65)	(1.16)	(0.84)	(0.69)
<b>Balance Sheet Data (end of period):</b>							
Working capital	9,432	94,339	39,486	19,559	18,437	17,398	113,063
Total assets <sup>(5)</sup>	330,878	1,264,163	1,671,583	1,546,334	1,394,355	1,442,972	1,441,167
Long-term obligations, net of current maturities <sup>(6)</sup>	158,561	169,880	123,687	194,503	752	1,089	162
Minority interest	493	1,545	6,540	4,631	755	827	1,404
Stockholders' equity	48,908	922,869	1,314,427	1,142,354	1,167,766	1,206,955	1,127,017
<b>Other Data:</b>							
Net cash provided by (used in):							
Operating activities	34,198	31,127	25,165	3,999	99,362	62,888	159,782
Investing activities	(52,678)	(45,229)	(80,208)	(89,822)	(70,445)	(53,773)	(26,481)
Financing activities	35,920	134,367	1,203	67,345	(5,283)	(10,989)	19,592
Effect of exchange rate changes	(1,997)	549	(123)	(3,887)	(1,552)	(1,025)	2,559

- (1) Reflects operating results of acquisitions including the amortization of goodwill and other intangible assets from the date they were acquired.
- (2) Includes the operating results of Citysearch from September 29, 1998 to December 31, 1998 as a result of the merger of Ticketmaster.com and Citysearch. The eleven-month period reflects Ticketmaster's change in year-end to December 31 from January 31. Comparable amounts for the prior period are not presented because such presentation would not be considered meaningful.
- (3) In 2001, Ticketmaster incurred merger and other non-recurring charges which were primarily restructuring charges including severance and facilities costs associated with Citysearch's reorganization initiative. In 2000 and 1999, these merger and other

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non-recurring charges were primarily a result of advisory fees, regulatory filing fees and legal and accounting costs related to the Ticketmaster combination and Ticketmaster's terminated merger with certain assets owned by USA and Lycos, Inc., as well as certain expenses related to the operation of Sidewalk city guides before the integration of these properties into the Citysearch network in 1999.

- (4) For all periods, the calculation of basic and diluted net income (loss) per share adjusts the historical weighted average outstanding Ticketmaster Class A common stock and Ticketmaster Class B common stock shares to reflect the 52,000,000 new shares issued to USA in the Ticketmaster combination as if issued at the beginning of the period. For the year ended December 31, 1999, the shares used to compute basic and diluted net income (loss) per share include the outstanding shares of Ticketmaster Class A common stock issued in the merger of Ticketmaster.com and Citysearch for ninety-four days subsequent to the merger of Ticketmaster.com and Citysearch.
- (5) Total assets as of September 30, 2002 and 2001 and December 31, 2001, 2000, 1999 and 1998 and January 31, 1998 reflect goodwill and other intangible assets, net of accumulated amortization, of \$907.1 million, \$1,073.2 million, \$1,032.8 million, \$1,185.9 million, \$1,278.5 million, \$933.1 million and \$145.6 million, respectively. This goodwill resulted from the acquisition by USA in June 1998 of the remaining interest in Ticketmaster Group that USA did not then own, the merger of ticketmaster.com and Citysearch in September 1998, the acquisition of Sidewalk.com assets in September 1999 and several acquisitions made by Ticketmaster in 1999, 2000 and 2001.
- (6) Long-term debt includes amounts due to third parties as well as to USA and its affiliates.
- (7) The following table adjusts Ticketmaster'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 Intangible Assets," was effective January 1, 1999 as follows:

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	Year ended December 31,			Nine months ended September 30,	
	1999	2000	2001	2001	2002

(In thousands, except per share data)

Reported net loss	\$ (115,284)	\$ (230,023)	\$ (164,474)	\$ (118,521)	\$ (100,458)
Add back: goodwill amortization	76,849	112,332	92,821	69,717	
Adjusted net loss	\$ (38,435)	\$ (117,691)	\$ (71,653)	\$ (48,804)	\$ (100,458)
<b>Income (loss) per share:</b>					
Reported basic and diluted net loss per share	\$ (0.90)	\$ (1.65)	\$ (1.16)	\$ (0.84)	\$ (0.70)
Add back: goodwill amortization	0.60	0.81	0.65	0.49	
Adjusted basic net loss per share	\$ (0.30)	\$ (0.84)	\$ (0.51)	\$ (0.35)	\$ (0.70)
Adjusted diluted net loss per share	\$ (0.30)	\$ (0.84)	\$ (0.51)	\$ (0.35)	\$ (0.69)

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**Selected Unaudited Pro Forma Combined Condensed Financial Information of USA**

The following selected unaudited pro forma combined condensed financial information for the year ended December 31, 2001 (for income statement purposes) and as of and for the nine-month period ended September 30, 2002 is presented to show the results of operations and financial position of USA as if the following transactions had occurred as of the beginning of each period presented or as of the balance sheet date, as applicable: (a) the Ticketmaster combination completed on January 31, 2001, (b) the Expedia transaction completed on February 4, 2002, (c) the VUE transaction completed on May 7, 2002, (d) the transaction in which Liberty exchanged its shares of Home Shopping Network, Inc., or Holdco, for 31.6 million shares of USA common stock and 1.6 million shares of USA Class B common stock on June 27, 2002, which we refer to in this document as the Holdco exchange, and (e) the merger.

This selected unaudited pro forma combined condensed financial information should be read in conjunction with the selected historical and pro forma financial information included in this information statement/prospectus and the financial statements of USA and accompanying notes that are incorporated by reference into this information statement/prospectus. You should not rely on the unaudited pro forma financial information as an indication of the results of operations or financial position that would have been achieved if the transactions described above had taken place on January 1, 2001 or of the results of operations or financial position of USA after the completion of the transactions.

Pro Forma	
Year Ended December 31, 2001	Nine Months Ended September 30, 2002

(In thousands, except per share data)

**Statement of Operations Data:**

Net revenues	\$	3,765,796	\$	3,317,723
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	Pro Forma	
Operating income (loss)	(257,503)	19,728
Loss from continuing operations	(261,865)	(142,247)
<b>Loss per share from continuing operations:</b>		
Basic and diluted	\$ (0.55)	\$ (0.29)
<b>Balance Sheet Data (end of period):</b>		
Working capital	\$	2,186,811
Total assets		15,204,220
Long-term obligations, including current portion		544,468
Minority interest		574,570
Common stock exchangeable for preferred interest		1,428,530
Stockholders' equity	\$	8,713,672

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**Certain Historical and Pro Forma Per Share Data**

*Unaudited Comparative Per Share Data*

In the following table we present historical per share data for USA and Ticketmaster as of and for the nine months ended September 30, 2002 and as of and for the year ended December 31, 2001, and combined pro forma per share data for USA and equivalent pro forma per share data for Ticketmaster as of and for the nine months ended September 30, 2002 and for the year ended December 31, 2001. The pro forma per share data, which we present for comparative purposes only, assumes that the merger had been completed on January 1, 2001 for income statement purposes and on September 30, 2002 for balance sheet purposes. USA did not declare any cash dividends during the periods presented.

The unaudited comparative per share data does not purport to be, and you should not rely on it as, indicative of (1) the results of operations or financial position which would have been achieved if the merger had been completed at the beginning of the period or as of the date indicated, or (2) the results of operations or financial position which may be achieved in the future. The unaudited pro forma per share data does not reflect any payment that may be required to be made in connection with the exercise of appraisal rights by holders of Ticketmaster Class A common stock in connection with the merger.

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. It is also important that you read the pro forma combined condensed financial information and accompanying notes that we have included in this information statement/prospectus beginning on page 68 under "Unaudited Pro Forma Combined Condensed Financial Statements of USA."

	USA Historical Per Share Data	Combined USA Pro Forma Per Share Data	Ticketmaster Historical Per Share Data	Ticketmaster Equivalent Pro Forma Per Share Data <sup>(1)</sup>
<b>Book value per share:</b>				
September 30, 2002	\$ 17.32	\$ 17.64	\$ 7.83	\$ 16.49
December 31, 2001	10.44		8.24	
<b>Earnings (loss) per share from continuing operations, before dividend to preferred shareholders:</b>				
Basic and diluted for the nine months ended September 30, 2002	(0.34)	(0.29)	0.10	(0.27)
Basic and diluted for the twelve months ended December 31, 2001	(0.50)	(0.55)	(1.16)	(0.51)

(1)

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We calculated the Ticketmaster equivalent pro forma per share data by multiplying the applicable combined USA pro forma per share data by 0.935, the exchange ratio in the merger.

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### *Comparative Market Value*

In the following table we present:

the historical per share closing prices and aggregate market value of USA common stock and Ticketmaster Class B common stock on the Nasdaq National Market as of the close of trading on October 9, 2002, the last trading date prior to the public announcement of the merger; and

the equivalent price per share and equivalent aggregate market value of Ticketmaster Class B common stock, based on the exchange ratio.

	<u>USA Historical</u>	<u>Ticketmaster Class B Historical</u>	<u>Ticketmaster Class B Equivalent<sup>(1)</sup></u>
(In thousands, except per share data)			
<b>As of October 9, 2002:</b>			
Price per share as of close of trading	\$ 16.22	\$ 12.60	\$ 15.17
Aggregate market value of common stock	\$ 6,234,070 <sup>(2)</sup>	\$ 1,276,189 <sup>(3)</sup>	\$ 1,536,492 <sup>(3)</sup>

- (1) We calculated the Ticketmaster equivalent data by multiplying the applicable USA closing price by 0.935, the exchange ratio in the merger.
- (2) Based on 384,344,659, the number of shares of USA common stock outstanding on October 9, 2002.
- (3) Based on 101,284,873, the number of shares of Ticketmaster Class B common stock outstanding on October 9, 2002.

USA common stock and Ticketmaster Class B common stock trade on the Nasdaq National Market under the symbols "USAI" and "TMCS," respectively. Shares of Ticketmaster Class A common stock are not publicly traded. However, based on the 0.935 exchange ratio, the Ticketmaster Class A common stock equivalent price per share, calculated in the same manner as the Ticketmaster Class B common stock equivalent price per share, also was \$15.17 as of the close of trading on October 9, 2002. On December [ ], 2002, the last trading date prior to the printing of this information statement/prospectus, the closing prices per share of USA common stock and Ticketmaster Class B common stock on the Nasdaq National Market were \$[ ] and \$[ ], respectively, and the Ticketmaster Class B common stock equivalent price per share was \$[ ].

The market prices of shares of USA common stock and Ticketmaster Class B common stock are subject to fluctuation. The actual value of the shares of USA common stock you receive in the offer will likely differ from the values illustrated. You are urged to obtain current market quotations. See " Comparative Per Share Price Information and Dividend Policy" below.

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### *Comparative Per Share Price Information and Dividend Policy*

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The following table sets forth the high and low sale prices for a share of USA common stock and for a share of Ticketmaster Class B 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		Ticketmaster Class B Common Stock	
	High	Low	High	Low
<b>2002</b>				
Fourth Quarter (through December 16, 2002)	29.80	15.31	27.66	12.41
Third Quarter	24.11	16.25	19.11	11.04
Second Quarter	33.53	19.55	29.96	15.52
First Quarter	33.22	25.41	30.00	15.38
<b>2001</b>				
Fourth Quarter	27.84	17.45	17.73	10.40
Third Quarter	28.44	16.45	17.20	9.06
Second Quarter	28.20	20.16	17.62	7.00
First Quarter	24.94	17.69	13.25	7.50
<b>2000</b>				
Fourth Quarter	22.38	16.56	17.38	6.75
Third Quarter	25.94	20.00	24.69	14.25
Second Quarter	24.00	16.88	25.69	13.88
First Quarter	28.47	19.13	44.88	24.25

On October 9, 2002, the last trading day before we announced the merger, USA common stock closed at \$16.22 per share and Ticketmaster Class B common stock closed at \$12.60 per share. On December [      ], 2002, the last trading day before the printing of this information statement/prospectus, USA common stock closed at \$[      ] per share and Ticketmaster Class B common stock closed at \$[      ] per share.

Neither USA nor Ticketmaster has ever paid any cash dividends on shares of USA common stock or Ticketmaster common stock, respectively. USA and Ticketmaster currently anticipate that they will retain all of their future earnings available for distribution to the holders of USA common stock and Ticketmaster common stock for use in the expansion and operation of their respective businesses, and do not anticipate paying any cash dividends on shares of USA common stock and Ticketmaster common stock in the foreseeable future.

### RISK FACTORS

As a result of the merger, Ticketmaster's businesses will be subject to the following new or increased risks related to USA's other businesses and/or the structure of 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 Ticketmaster and USA have filed with the SEC that are incorporated by reference into this information statement/prospectus. If any of the risks described below or in the documents incorporated by reference into this information statement/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 information statement/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 a fixed exchange ratio. The value of the shares of USA common stock at the time you receive them could be less than the value of those shares today.*

In the merger, each Ticketmaster share will be exchanged for a fixed number of shares of USA common stock based on a fixed exchange ratio. USA and Ticketmaster will not adjust the exchange ratio as a result of any change in the market price of USA common stock between the date of this information statement/prospectus and the date you receive shares of USA common stock in exchange for shares of Ticketmaster

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common stock. The market price of USA common stock will likely 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 today 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 and Ticketmaster Class B common stock. See "Summary Comparative Per Share Price Information and Dividend Policy."

*The trading price of USA common stock may be affected by factors different or in addition to the factors affecting the trading price of Ticketmaster Class B common stock.*

If the merger is completed, all holders of outstanding Ticketmaster shares (other than USA and Ticketmaster's wholly owned subsidiaries) will become holders of USA common stock. Although USA currently owns approximately 66.3% of the outstanding shares of Ticketmaster common stock, USA also owns and operates other businesses. Accordingly, USA's results of operations and business, as well as the trading price of USA common stock, may be affected by factors different or in addition to those affecting Ticketmaster's results of operations and business and the price of Ticketmaster common stock.

*Failure to complete the merger could negatively impact the price of Ticketmaster common stock and Ticketmaster's future business and operations.*

If the merger is not completed for any reason, the price of Ticketmaster Class B common stock may decline to the extent that the current market price of Ticketmaster Class B common stock reflects a market assumption that the merger will be completed. In addition, if the merger is not completed, there can be no assurance that Ticketmaster will continue to operate its business in the manner in which it presently operates.

*Pending stockholder litigations could prevent or delay the closing of the merger or otherwise negatively impact the business and operations of USA and Ticketmaster.*

Following USA's announcement on June 3, 2002 that it intended to commence exchange offers to acquire up to 100% of the outstanding shares of Ticketmaster, Expedia, Inc., and Hotels.com that it did not already own, a number of complaints against USA, its publicly held subsidiaries (including Ticketmaster) and the boards of directors of its publicly held subsidiaries (including Ticketmaster) were filed by individual stockholders of USA's publicly held subsidiaries in the Court of Chancery, County of New Castle, State of Delaware with respect to Ticketmaster and Hotels.com, in the U.S. District Court

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for the Central District of California with respect to Ticketmaster, and the Superior Court of the State of Washington for the County of King with respect to Expedia, Inc. The complaints generally allege the exchange offers would be a breach of fiduciary duty and that the indicated exchange ratios were unfair to the minority stockholders of USA's publicly held subsidiaries. Each of the putative class action complaints seeks, among other things, injunctive relief against consummation of the exchange offer, damages in an unspecified amount and rescission in the event the exchange offer occurs. The California complaint was dismissed without prejudice on August 6, 2002, and the complaints challenging the exchange offer with respect to Expedia, Inc. were dismissed without prejudice on November 22, 2002. While USA believes that the allegations in the cases are without merit, and Ticketmaster believes that the allegations in the cases naming Ticketmaster and its directors as defendants are without merit, no assurances can be given as to the outcome of any of these litigations. Furthermore, one of the conditions to the closing of the transactions contemplated by the merger agreement between USA and Ticketmaster is that no injunction issued by any court preventing the consummation of the transactions be in effect. No assurances can be given that these litigations will not result in such an injunction being issued, which could prevent or delay the closing of the transactions contemplated by the merger agreement.

### **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.

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*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

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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 they 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 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, 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 information statement/prospectus and the SEC filings that are incorporated by reference into this information statement/prospectus contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. For those statements, both USA and Ticketmaster claim 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 and Ticketmaster'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 each company'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 each company'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 and Ticketmaster's filings with the SEC, including their Annual Reports on Form 10-K for the fiscal year ended 2001, especially in the Management's Discussion and Analysis section, their most recent Quarterly Reports on Form 10-Q and their Current Reports on Form 8-K. Other unknown or unpredictable factors also could have material adverse effects on USA's and Ticketmaster's future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this information statement/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 information statement/prospectus.

You should understand that the following important factors, in addition to those discussed in the documents incorporated into this information statement/prospectus by reference, could affect USA's and Ticketmaster'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 Ticketmaster's businesses will not be integrated successfully, including successful integration of USA's and Ticketmaster's divisions' management structures;
- costs related to the proposed transaction;
- material adverse changes in economic conditions generally or in USA's and/or Ticketmaster's markets or industries;
- future regulatory and legislative actions and conditions affecting USA's and/or Ticketmaster'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

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other risks and uncertainties as may be detailed from time to time in USA's, Ticketmaster's and/or USA's other public subsidiaries' public announcements and filings with the SEC.

Neither USA nor Ticketmaster is under any obligation, and neither USA nor Ticketmaster intends, to make publicly available any update or other revisions to any of the forward-looking statements contained in this information statement/prospectus to reflect circumstances existing after the date of this information statement/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.

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### 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 is attached to this information statement/prospectus as *Appendix A* and is incorporated by reference into this information statement/prospectus.

#### Background to the Merger

On July 17, 1997, USA acquired a controlling interest in Ticketmaster Group, Inc., or Ticketmaster Group, from Paul G. Allen in exchange for shares of USA common stock. On June 24, 1998, USA acquired Ticketmaster Group's remaining common equity in a tax-free stock-for-stock merger.

On September 28, 1998, Citysearch, Inc. merged with Ticketmaster Online (now known as Ticketmaster.com), then a wholly owned subsidiary of Ticketmaster Corporation (which itself was a subsidiary of Ticketmaster Group and an indirect subsidiary of USA), to form Ticketmaster Online-Citysearch, Inc., or Ticketmaster Online-Citysearch. Following the merger, Ticketmaster Online-Citysearch was a majority owned subsidiary of Ticketmaster Corporation. Shares of Ticketmaster Online-Citysearch's Class B common stock, which are now shares of Ticketmaster Class B common stock, were sold to the public in an initial public offering that was completed on December 8, 1998.

On November 21, 2000, USA announced that it had entered into an agreement with Ticketmaster Online-Citysearch to combine Ticketmaster Corporation, then wholly owned by USA, with Ticketmaster Online-Citysearch. The transaction closed January 31, 2001, and the combined company was renamed "Ticketmaster." Under the terms of the transaction, USA contributed Ticketmaster Corporation and certain related Ticketmaster Group assets to Ticketmaster Online-Citysearch and received 52 million shares of Ticketmaster common stock. As of the date of this information statement/prospectus, USA beneficially owns approximately 66.3% of the outstanding shares of Ticketmaster common stock, and controls approximately 93.0% of the combined voting power of Ticketmaster's outstanding shares.

From time to time since the closing of the combination of Ticketmaster Corporation and Ticketmaster Online-Citysearch in January 2001, USA's senior management and board of directors have evaluated in general terms the advisability of increasing USA's ownership interest in Ticketmaster as well as its other public subsidiaries. No formal actions, plans or proposals resulted from these evaluations or discussions.

Starting in early 2002, USA's management began to examine strategic alternatives with respect to USA's ownership interest in Ticketmaster, including the acquisition by USA of additional shares of Ticketmaster common stock, a business combination involving Ticketmaster or the continuation of USA's ownership in Ticketmaster at current levels. During the spring of 2002, USA's then proposed acquisition of Interval International, which USA completed on September 24, 2002, contributed to USA's realization of certain detriments to the current public subsidiary structure with Ticketmaster, as well as with its other public subsidiaries, and certain benefits of having its subsidiaries become wholly owned. Interval is a leading membership-services company, providing timeshare exchange and other value-added programs to its timeshare-owner consumer members and resort developers. While USA's management recognized the potential synergies and value creation that could be obtained by Interval and Ticketmaster (as well as Expedia, Inc. and Hotels.com) being owned entirely by USA, USA realized that the public subsidiary structure served as an impediment to realizing those benefits.

Due to the potential benefits of a combination, including the alignment of management's interests, the ability of a combined company to offer improved and integrated products and synergies created by the combination of one or more of USA's public subsidiaries with USA, USA's management determined to explore in more depth the possibility of pursuing a transaction in which USA would acquire up to 100% of the shares of Ticketmaster common stock that it did not already own. In addition, USA's

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senior management began to explore the possibility of simultaneously increasing its equity interest in Expedia, Inc. and Hotels.com, other majority owned public subsidiaries of USA, to up to 100%.

In May 2002, members of USA's senior management met with representatives of USA's financial advisor, Allen & Company LLC, or Allen & Co., and USA's special outside counsel, Wachtell, Lipton, Rosen & Katz, or Wachtell Lipton, to consider the possible acquisition of the shares of its public subsidiaries that USA did not own and the means by which those acquisitions might be effected. Over the next couple of weeks, senior management continued to consult with Allen & Co. and special outside counsel regarding a possible acquisition of Ticketmaster, including the merits of such an acquisition.

At a special telephonic meeting of USA's board of directors held on May 30, 2002, USA's management discussed with USA's board of directors its consideration of one or more possible transactions in which USA would acquire all or a portion of the equity interests in one or more of its publicly-held subsidiaries that it did not already own. At that meeting, the board authorized management to proceed with one or more of the contemplated transactions if management so chose to proceed, including through offers made directly to the stockholders of its public subsidiaries and on the terms generally discussed with the directors.

On June 1, 2002 and June 2, 2002, Mr. Diller held telephonic conversations with Ticketmaster's outside directors and management directors to inform them that USA would announce its intention to commence the offers to increase USA's equity interest in Ticketmaster, Expedia, Inc. and Hotels.com to up to 100%. Similar conversations were held with the outside directors and management directors of Expedia, Inc. and Hotels.com. Mr. Diller then delivered the following letter on USA letterhead to each of the Ticketmaster directors who were not members of USA's board or management.

\* \* \* \*

[USA INTERACTIVE LETTERHEAD]

BARRY DILLER  
Chairman and  
Chief Executive Officer

June 2, 2002

Board of Directors  
Ticketmaster  
3701 Wilshire Blvd.  
Los Angeles, CA 90010

To the Board of Directors:

Today we are beginning a process that while complex we believe is in the best interest of all Ticketmaster shareholders. I am writing you now in the formal manner necessary in these matters, rather than in the conversational or colloquial way I would far prefer, to let you know that USA Interactive ("USA") intends to commence a transaction whereby USA would increase its equity ownership, up to 100%, in Ticketmaster (the "Company") through an exchange offer to be made to the Company's public stockholders.

USA values its relationship with the Company's independent Board members and management. We want to be clear that we in no way regard this proposal as "hostile." We will be pleased to discuss this at any time both with company management, as well as a special committee of the Company's disinterested directors (the "Special Committee"), which we expect will be formed to consider this matter. We are prepared to discuss process, structure or whatever else that management or the Special

Committee and its advisors deem appropriate, including alternative transaction structures such as a merger, whether before or during the exchange offer.

What we do feel about this proposed transaction is that it is very much in the interests of the Company's public stockholders and the Company's business. USA is a leading interactive commerce company, with multiple, profitable interactive businesses and, we believe, the

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potential for dramatic growth. By exchanging their shares in the Company for shares in USA, the Company's public stockholders would participate in the opportunity and upside of USA while retaining a continued ownership interest in the Company's businesses through an ownership interest in USA.

USA's current structure, with multiple public subsidiaries, is an unusual one. Although we could continue to operate with the current structure, we think a reconfiguration of the USA family along the lines we propose is in everyone's interest. The transaction we propose, if concluded alone or together with the other transactions mentioned below, would enhance our collective ability to pursue a coordinated strategy for all of USA's businesses, with the interests of all of those businesses aligned.

### TO THE PROPOSAL:

In the exchange offer, stockholders will be offered the opportunity to exchange their shares in the Company on the basis of 0.8068 USA shares for each Company share tendered for exchange. Based on May 31, 2002, closing prices, our proposal values each outstanding share of the Company's common stock at \$22.99 per share, which reflects a 7.5% premium to the Company's closing price on that day.

In the event that USA owns at least 90% of the outstanding shares of each class of the Company's common stock as a result of the exchange offer, USA would thereafter effect a merger of the Company with or into USA or an affiliate of USA on the same terms as the exchange offer. However, the exchange offer would not be conditioned on USA receiving 90% of the shares of any class of stock.

We intend to commence the exchange offer in the near future. You should know that we intend to pursue similar transactions with Expedia, Inc. and Hotels.com, and issue appropriate public announcements. None of these transactions would be conditioned on any other.

We know this will all be time consuming for you to sort through in your role as Directors amid all the other responsibilities in your lives. We haven't taken this step lightly, and so we don't presume upon your time without believing this is the best future course for all of us. We also recognize that for all sorts of reasons this may never result in more than conversation . . . it's not meant to be a hard process and our attitude about this is that eventually in the great scheme of time these companies will come together. While we very much believe the timing is now, we're also ultimately neutral in any precise demarking of same. We do, though, look forward to working through all of this together with you.

Sincerely,

/s/ Barry Diller

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The directors of Expedia, Inc. and Hotels.com who were not members of USA's board or management received analogous letters from USA. On Monday, June 3, 2002, USA issued a press release publicly announcing its intention to commence the exchange offers.

On June 4, 2002, Ticketmaster's board of directors formally appointed the special committee, comprised of all of Ticketmaster's directors who were neither officers or directors of USA nor officers of Ticketmaster to review and evaluate a possible transaction with USA. The special committee consists of directors Alan Spoon, Robert Davis, Bryan Lourd and Michael Schrage, with Alan Spoon serving as chairman of the special committee.

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On June 5, 2002, USA issued a press release publicly announcing that, "[a]lthough we had anticipated commencing exchange offers relatively quickly, market reaction including the effect we believe arbitrageurs have had on the exchange ratio has precluded a quick process. Therefore, we will not commence any exchange offers in the near future." USA also announced that, although circumstances may change, it did not have any intention at that time to increase any of the exchange ratios applicable to the exchange offers. Finally, USA reaffirmed its intention to unify USA with its majority owned public subsidiaries, and announced that it would work with the special committees formed by the boards of directors of its publicly held subsidiaries (including the special committee), management and their advisors to discuss USA's proposal and possible alternative transaction structures to accomplish its goals.

On June 12, 2002, the special committee engaged Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., or Mintz Levin, to serve as its legal counsel and as of June 12, 2002, the special committee formally engaged Credit Suisse First Boston, to serve as its independent financial advisor. On August 2, 2002, Ticketmaster issued a press release publicly announcing that its board of directors had formed the special committee on June 4, 2002 and that the special committee had engaged Credit Suisse First Boston and Mintz Levin as its independent financial and legal counsel, respectively. The press release further stated that the special committee was continuing to review USA's announced intention but that no offer had been made by USA as of August 2, 2002. In connection with its consideration of a possible transaction between USA and

Ticketmaster, the special committee met formally 17 times.

On August 16, 2002, the board of directors of Ticketmaster acted by written consent to appoint Daniel Marriott and Julius Genachowski, both executive officers of USA, as directors on Ticketmaster's board to replace Messrs. Richard Barton and Jon Miller, who had resigned from their positions on the board immediately prior to the new appointments.

From June to the beginning of September, senior management of USA and members of the special committee spoke on occasion, during which conversations USA management reaffirmed USA's desire to explore the possibility of a transaction between USA and Ticketmaster and communicated USA's willingness to negotiate such a transaction with the special committee. During these discussions, members of the special committee conveyed to senior management of USA that the value of a possible transaction as described in USA's June 3rd announcement was not compelling. The special committee also met several times during this period with its advisors to discuss, among other things, the status of a possible transaction, including the special committee's fiduciary duties in considering a possible transaction. During this period, Credit Suisse First Boston also commenced its due diligence review of Ticketmaster and USA.

On September 11, 2002, at a regularly scheduled meeting of the board of directors of USA, senior management of USA updated the board on the status of a possible transaction with Ticketmaster. After discussion, USA's board delegated to the executive committee of the USA board authority to pursue a transaction to acquire up to 100% of the Ticketmaster common stock in the event that management and the executive committee determined such a transaction to be in the best interest of USA and its stockholders.

From September 11, 2002 through the end of September, representatives of Allen & Co. and Credit Suisse First Boston had numerous telephonic conversations to discuss a possible transaction between USA and Ticketmaster. Discussions included various valuation parameters for Ticketmaster and USA, and exchange ratio discussions ranged from Allen & Co.'s suggestion of a fixed exchange ratio for each share of Ticketmaster common stock of 0.8368 of a share of USA common stock and a contingent value right for up to an additional 0.0638 of a share of USA common stock (which contingent value right would be exercisable in February 2004), to Credit Suisse First Boston's suggestion, following consultation with and at the direction of the special committee, of an exchange ratio of 1.0 share of USA common stock for each Ticketmaster share. During this period, while the gap in price narrowed, with USA's financial advisors indicating USA's willingness to complete a transaction

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at an exchange ratio of 0.875, subsequently followed by USA's willingness to complete a transaction at an exchange ratio of 0.9125, and the special committee's financial advisor indicating the special committee's willingness to complete a transaction at an exchange ratio of 0.95, the financial advisors were unable to come to an agreement. During the course of these discussions, the special committee met frequently to consider the possible exchange ratios as well as the alternative transaction structures discussed by the financial advisors. Based on such meetings, the special committee's financial advisors informed USA's financial advisors that the special committee was most interested in pursuing a stock-for-stock transaction rather than any other contemplated structure.

Also during this time period, the special committee, USA's management and/or their respective legal and financial advisors met or held telephonic conversations to discuss various due diligence issues. Among other things, the participants discussed USA management's view of USA's and Ticketmaster's relative business strengths, USA's reasons for pursuing a combination of the two companies at this time, which are described in more detail below under " USA's Reasons for the Merger," and the parties' views of the relative values of USA's and Ticketmaster's currencies.

On September 29, 2002, Mr. Diller and Mr. Spoon, the chairman of the special committee, had a telephone conversation in which Mr. Diller informed Mr. Spoon that USA would not commence an exchange offer directly to Ticketmaster's stockholders but would work with the special committee to complete a negotiated transaction. Mr. Diller also informed Mr. Spoon of USA's willingness to publicly announce its intention to terminate the process to acquire up to 100% of the equity interests in Expedia, Inc. and Hotels.com should USA and Ticketmaster reach an agreement. Messrs. Spoon and Diller further discussed the possibility of reaching an agreement on an exchange ratio.

On September 30, 2002, the special committee held a telephonic meeting with its financial and legal advisors, at which meeting the special committee reviewed and discussed the recent conversations. At that meeting, the special committee also authorized Mr. Spoon to negotiate with Mr. Diller to agree on an exchange ratio between 0.935 and 0.95 of a share of USA common stock for each Ticketmaster share.

On October 1, 2002, Messrs. Spoon and Diller had several telephonic conversations in which they discussed the proposed transaction, including exchange ratios ranging between 0.94 and 0.93, ultimately culminating in a tentative understanding regarding price of 0.935 of a share of USA common stock for each Ticketmaster share, subject to the special committee's completion of due diligence, USA's announcement that it was terminating the process to acquire up to 100% of Expedia, Inc. and Hotels.com, and negotiation of mutually acceptable transaction documentation.

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On October 2, 2002, Wachtell Lipton sent a draft merger agreement to Mintz Levin. Also, on October 2nd, the special committee had a telephonic meeting with its legal and financial advisors to discuss the conversation between Messrs. Spoon and Diller. At that meeting, they discussed the possible timing of a transaction, including the need to complete their due diligence review of USA. To that end, the special committee determined to engage, and subsequently engaged, Ernst & Young LLP, or Ernst & Young, to assist in completing a review of USA from a tax and accounting perspective.

Thereafter, USA and the special committee, and their respective outside legal counsel, began negotiating the merger agreement, and negotiations continued through October 9, 2002.

On October 8, 2002, the special committee had a telephonic meeting with its legal and financial advisors. The special committee's advisors summarized the status of the due diligence review of Ticketmaster and USA. Credit Suisse First Boston also presented its valuation analyses relating to Ticketmaster, USA and the combined entity. Representatives of Mintz Levin explained the terms of the draft merger agreement which had been circulated to the special committee members. The special committee then discussed the proposal and the terms of the draft merger agreement in greater detail with its advisors.

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On October 9, 2002, the special committee had a telephonic meeting with its various advisors. The special committee's advisors reported to the special committee the results of the completed due diligence with respect to Ticketmaster and USA. Representatives of Mintz Levin informed the special committee of the results of the negotiations with Wachtell Lipton regarding the merger agreement. In addition, Credit Suisse First Boston delivered its oral opinion that the ratio for exchanging Ticketmaster common stock for USA common stock pursuant to the merger agreement is fair, from a financial point of view, to the holders of Ticketmaster common stock (other than USA and its affiliates), which oral opinion was subsequently confirmed in writing. Upon completing its deliberations, and subject to finalizing the merger agreement, the special committee unanimously determined that the merger agreement and the transactions contemplated thereby are fair to, and in the best interests of, the holders of Ticketmaster Class A common stock and Ticketmaster Class B common stock (other than USA and its affiliates) and unanimously recommended that Ticketmaster's board of directors adopt and approve the merger agreement and the transactions contemplated thereby and declare advisable and recommend that the stockholders of Ticketmaster adopt and approve the merger agreement and the transactions contemplated thereby.

Immediately following the special committee meeting, a telephonic meeting of Ticketmaster's board of directors was held, at which all of the members of Ticketmaster's board of directors were present. The special committee delivered its recommendation to the Ticketmaster board of directors that the board of directors approve the merger agreement and the transactions contemplated thereby and declare advisable and recommend that the stockholders of Ticketmaster adopt and approve the merger agreement and the transactions contemplated thereby. The Ticketmaster board of directors, by the unanimous vote of all of the Ticketmaster directors other than those who are officers or directors of USA, as well as by the unanimous vote of the full board, determined that the merger agreement and the transactions contemplated thereby are fair to, and in the best interests of, the holders of Ticketmaster's Class A and Class B common stock other than USA and its affiliates, approved the merger agreement and the transactions contemplated thereby and declared advisable and recommended that the stockholders of Ticketmaster adopt and approve the merger agreement and the transactions contemplated thereby. In the evening of October 9, 2002, following the meetings of the special committee and the Ticketmaster board of directors, the USA executive committee held a meeting to consider the merger. The executive committee was informed of the actions of the special committee and the Ticketmaster board of directors earlier that evening. Following discussion by the members of the executive committee, and subject to the finalization of the necessary documentation, the executive committee determined that the proposed merger was fair to and in the best interests of USA and its stockholders, and approved and adopted the merger agreement and the transactions contemplated by the merger agreement, including the merger, in each case, by the unanimous vote of all members of the executive committee.

Later that evening on October 9, 2002, the parties executed the merger agreement and USA delivered to Ticketmaster its duly executed written consent approving and adopting the merger agreement and the transactions contemplated by the merger agreement, including the merger, as the majority stockholder of Ticketmaster.

Also on October 9, 2002, Mr. Diller held telephonic conversations with members of the special committees formed by each of Expedia, Inc.'s board of directors and Hotels.com's board of directors to inform them that USA was announcing a transaction with Ticketmaster and ending the processes to acquire up to 100% of the equity interests in Expedia, Inc. and Hotels.com that were commenced on June 3, 2002.

In the morning of October 10, 2002, USA and Ticketmaster issued a joint press release publicly announcing the merger agreement.

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**USA's Reasons for the Merger**

In making its decision to approve the merger agreement, including the merger, the executive committee considered the following positive factors relating to the merger:

the exchange ratio, including the fact that it is a fixed exchange ratio, and the premium reflected therein, as well as the other terms and conditions of the merger agreement and the merger;

general market conditions and changes in the outlook for the industries in which USA's and Ticketmaster's businesses operate;

the improved prospects for revenue generation and growth resulting from Ticketmaster being wholly owned by USA;

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

the elimination of the potential for conflicts of interest between the companies, enabling management to focus time and resources on the combined businesses and fully exploit the combined assets;

the possible reductions in costs associated with maintaining Ticketmaster's status as a public company;

the freeing up of management to focus on the day-to-day operations of Ticketmaster's lines of business as a result of the elimination of the responsibilities of running a public company;

the United States federal income tax consequences of the merger;

the ability of Ticketmaster's stockholders, through the ownership of USA common stock, to continue to participate in Ticketmaster's growth, and to participate in:

a more diversified currency,

a company with broader access to capital markets and greater borrowing capacity than Ticketmaster, which may be used to finance acquisitions and capital expansion that may be unavailable to Ticketmaster if it remains an independent public company that is majority owned and controlled by USA, and

a company that will have a more liquid market for its stock than the market for Ticketmaster common stock;

the fact that the terms of the merger and the merger agreement were determined through extensive negotiations between the special committee and USA and their respective legal and financial advisors; and

the fact that the special committee received an opinion from Credit Suisse First Boston that, as of the date of its opinion, and based upon and subject to the assumptions, limitations and qualifications described in its opinion, the exchange ratio is fair from a financial point of view to holders of Ticketmaster common stock other than USA and its affiliates.

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In making its decision to approve the merger agreement, including the merger, the executive committee also considered the following negative factors relating to the merger:

the potential conflicts of interest arising out of the merger, see "Interests of Certain Persons in the Merger" and "Relationships with Ticketmaster";

the problems inherent in merging the operations of two large companies, including the possibility that management may be distracted from regular business concerns; and

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the factors discussed in this information statement/prospectus under "Risk Factors."

In making its decision to approve the merger agreement, including the merger, the executive committee also considered the following neutral factors relating to the merger:

the fact that because USA owns a majority of the outstanding Ticketmaster common stock, controls approximately 93.0% of the total voting power of Ticketmaster shares, and does not intend to sell its Ticketmaster shares, the possibility of a third party offer to acquire Ticketmaster at a premium is minimal and cannot occur without the consent of USA; and

the stockholder litigations described under " Stockholder Litigation."

The executive committee believed that the negative factors were substantially outweighed by the benefits anticipated from the merger.

The foregoing discussion of the information and factors considered by the executive committee is not intended to be exhaustive, but includes the material factors considered. In view of the variety of factors considered in connection with its evaluation of the merger, the executive committee did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weights to the specific factors each director considered in reaching his or her determination.

### **The Special Committee's and Ticketmaster's Reasons for the Merger**

#### *The Special Committee's Reasons for the Merger*

In reaching its determination, the special committee considered:

the special committee's conclusion that USA common stock following the merger would perform at least as well as Ticketmaster common stock over the long term due to, among other factors, the greater diversification of products and services that could be offered by the combined entity;

the special committee's conclusion that entering into the merger agreement at this time would provide greater value to Ticketmaster's stockholders than they would receive if Ticketmaster remained a stand-alone entity;

the history of the negotiations with respect to the exchange ratio that, among other things, led ultimately to an increase in the exchange ratio:

from the initial expression of interest by USA of 0.8068 shares of USA common stock for each share of Ticketmaster common stock that USA did not already own,

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to the final exchange ratio of 0.935 shares of USA common stock for each share of Ticketmaster Class A and Class B common stock (an increase of approximately 15.9% in the exchange ratio), and the special committee's conclusion that the economic terms reflected by the 0.935 exchange ratio and contained in the merger agreement represent the best economic terms that could be obtained from USA;

the historical market prices of Ticketmaster's Class B common stock, including the fact that:

based on the 20-day average of the ratios of Ticketmaster to USA stock prices leading up to the last trading day before USA's June 3rd announcement, the exchange ratio of 0.935 of a share of USA common stock for each share of Ticketmaster common stock implied a premium of approximately 19.8%, and

based on the 20-day average of the ratios of Ticketmaster to USA stock prices leading up to the close of the market on October 9, 2002, the date of the special committee's determination to recommend the approval of the merger agreement and the transactions

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contemplated thereby, the exchange ratio of 0.935 of a share of USA common stock for each share of Ticketmaster common stock implied a premium of approximately 19.2%;

the special committee's view that, notwithstanding the fact that stock market conditions and other factors had resulted in a decline in the prices of USA common stock and Ticketmaster Class B common stock since USA's June 3rd announcement, the financial condition and prospects of USA remain positive;

the business, financial condition, results of operations, prospects, current business strategy and competitive position of each of Ticketmaster, USA and the new combined company, as well as general economic and stock market conditions;

the special committee's belief that the merger would allow USA and Ticketmaster to realize modest synergies in the form of cost savings;

that the terms of the merger agreement were determined through negotiations between the special committee, with the advice of its advisors, on the one hand, and representatives of USA, with the advice of its advisors, on the other;

the special committee's belief that USA could have commenced an exchange offer directed to Ticketmaster stockholders at a significantly lower exchange ratio than that which was ultimately agreed to;

the fact that the receipt of USA common stock by the holders of Ticketmaster Class A common stock and Class B common stock in the merger is expected to be tax-free to such holders, as well as to USA and Ticketmaster;

the special committee's belief that a business combination transaction between USA and Ticketmaster would eliminate actual or potential conflicts of interest between the two companies, including those related to corporate opportunities;

that USA has sufficient stock ownership to control a disposition of Ticketmaster and had informed the special committee that it would not be interested in a third-party sale of Ticketmaster and no offers from third parties were received; and

the opinion of Credit Suisse First Boston to the effect that, based upon and subject to the assumptions, qualifications and limitations stated in its opinion, as of the date of its opinion, the exchange ratio of 0.935 of a share of USA common stock

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for each outstanding share of Ticketmaster common stock to be paid to the holders thereof in the merger was fair, from a financial point of view, to the holders of Ticketmaster common stock (other than USA and its affiliates), and the reports and analyses presented to the special committee by Credit Suisse First Boston in connection with the opinion (see "Opinion of the Financial Advisor to the Special Committee").

The special committee also considered a number of negative factors in its deliberations concerning the merger, including:

the fact that the merger agreement does not provide the holders of Ticketmaster Class A common stock or Class B common stock with any protection against fluctuations in the market price of USA common stock during the period from the signing of the merger agreement to the completion of the merger; and

the other factors discussed in this information statement/prospectus under "Risk Factors."

The special committee believed that these negative factors were substantially outweighed by the benefits anticipated from the merger.

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

### ***Ticketmaster's Reasons for the Merger***

In determining the fairness of the terms of the merger and approving the merger agreement and the transactions contemplated thereby, the Ticketmaster board of directors considered the factors described above under "The Special Committee's and Ticketmaster's Reasons for the Merger." In approving the merger agreement and the transactions contemplated thereby, the Ticketmaster board of directors concurred with and adopted the analysis of the special committee with respect to the financial evaluation of Ticketmaster and of the exchange ratio.

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

### **Opinion of the Financial Advisor to the Special Committee**

The special committee of the board of directors of Ticketmaster retained Credit Suisse First Boston to act as its financial advisor in connection with the merger. In connection with Credit Suisse First Boston's engagement, the special committee requested that Credit Suisse First Boston evaluate the fairness of the exchange ratio to holders of Ticketmaster common stock, other than USA and its affiliates. On October 9, 2002, the special committee met to review the proposed merger and the terms of the merger agreement. During this meeting, Credit Suisse First Boston reviewed with the special committee certain financial analyses, as described below, and rendered its oral opinion to the special committee, which was subsequently confirmed in writing, that, as of October 9, 2002 and based upon and subject to the various considerations set forth in the Credit Suisse First Boston opinion, the exchange ratio was fair, from a financial point of view, to holders of the Ticketmaster common stock, other than USA and its affiliates.

The full text of the Credit Suisse First Boston opinion, which sets forth, among other things, assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Credit Suisse First Boston in rendering its opinion, is attached as *Appendix B* to this information statement/prospectus and is incorporated by reference into this document in its entirety. Holders of Ticketmaster common stock are urged to read the Credit Suisse First Boston opinion carefully in its entirety. The Credit Suisse First Boston opinion addresses only the fairness of the exchange ratio to holders of Ticketmaster common stock, from a financial point of view, as of the date of the Credit Suisse First Boston opinion, and does not constitute a recommendation to any stockholder as to how such stockholder should act with respect to any matter relating to the merger. The summary of the Credit Suisse First Boston opinion in this information statement/prospectus is qualified in its entirety by reference to the full text of the Credit Suisse First Boston opinion.

In connection with its opinion, Credit Suisse First Boston, among other things,

reviewed the merger agreement;

reviewed certain publicly available business and financial information relating to Ticketmaster and USA;

reviewed certain other information relating to Ticketmaster, including financial forecasts, provided to or discussed with Credit Suisse First Boston by Ticketmaster;

reviewed certain other information relating to USA, including publicly available financial forecasts;

met with the management of each of Ticketmaster and USA to discuss the businesses and prospects of Ticketmaster and USA, respectively;

considered certain financial and stock market data of Ticketmaster and USA and compared those data with similar data for other publicly held companies in businesses which Credit Suisse First Boston deemed similar to those of Ticketmaster and USA;

considered, to the extent publicly available, the financial terms of certain other business combinations and other transactions which have recently been announced or effected; and

considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which Credit Suisse First Boston deemed relevant.

In connection with its review, Credit Suisse First Boston did not assume any responsibility for independent verification of any of the foregoing information and relied on such information being complete and accurate in all material respects. With respect to the financial forecasts of Ticketmaster that Credit Suisse First Boston reviewed, Credit Suisse First Boston was advised by Ticketmaster, and Credit Suisse First Boston assumed, that such forecasts had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Ticketmaster as to the future financial performance of Ticketmaster. With respect to the publicly available financial forecasts of USA that Credit Suisse First Boston reviewed, the management of USA reviewed and discussed with Credit Suisse First Boston such forecasts, and advised Credit Suisse First Boston, and Credit Suisse First Boston assumed, with the special committee's consent, that such forecasts represent reasonable estimates and judgments as to the future financial performance of USA. Unless otherwise specified, references to Ticketmaster forecasts mean forecasts based on the Ticketmaster management projections that are summarized in this information statement/prospectus under "Financial Forecasts Internal Ticketmaster Projections," and references to USA forecasts mean forecasts based on the publicly available Wall Street analyst reports reviewed and discussed with the management of USA. In addition, Credit Suisse First Boston relied upon, without independent verification, the assessments of certain members of the managements of Ticketmaster and USA as to:

the existing and future technology, products and services of Ticketmaster and USA and the risks associated with such technology, products and services;

the ability of Ticketmaster and USA to integrate their businesses; and

the ability of Ticketmaster and USA to retain key employees.

Credit Suisse First Boston also assumed, with the special committee's consent, that in the course of obtaining any necessary regulatory and third party approvals and consents for the merger, no modification, delay, limitation, restriction or condition will be imposed that will have a material adverse effect on Ticketmaster or USA or the contemplated benefits of the merger and that the merger will be consummated in

accordance with the terms of the merger agreement, without waiver, modification or amendment of any material terms, conditions or agreements contained in the merger agreement. Credit

Suisse First Boston also assumed, with the special committee's consent, that the merger will be treated as a tax-free reorganization for federal income tax purposes. In addition, the special committee advised Credit Suisse First Boston that USA and its affiliates beneficially own, in the aggregate, in excess of 90% of the voting power of the Ticketmaster Class A common stock and, consequently, Credit Suisse First Boston considered, for purposes of its analysis, the shares of Ticketmaster Class A common stock and Ticketmaster Class B common stock identical in all respects. Credit Suisse First Boston was not requested to make, and did not make, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Ticketmaster or USA, nor was Credit Suisse First Boston furnished with any such evaluations or appraisals.

The Credit Suisse First Boston opinion is necessarily based upon information made available to it as of the date of its opinion, and upon financial, economic, market and other conditions as they existed and could be evaluated on the date of the Credit Suisse First Boston opinion. Credit Suisse First Boston did not express any opinion as to what the value of USA common stock actually will be when issued to holders of Ticketmaster common stock pursuant to the merger or the prices at which shares of USA common stock will trade at any time. The Credit Suisse First Boston opinion does not address the relative merits of the merger as compared to other business strategies that might be available to Ticketmaster, nor does it address the underlying business decision of Ticketmaster to proceed with the merger. Credit Suisse First Boston was not requested to, and did not, solicit third party indications of interest in acquiring all or any part of Ticketmaster.

In preparing its opinion, Credit Suisse First Boston performed a variety of financial and comparative analyses. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Credit Suisse First Boston believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all analyses and factors, could create a misleading view of the processes underlying the Credit Suisse First Boston opinion.

No company or transaction used in the analyses performed by Credit Suisse First Boston as a comparison is identical to Ticketmaster, USA or the contemplated merger. In addition, Credit Suisse First Boston may have given various analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions, so that the range of valuation resulting from any particular analysis described below should not be taken to be Credit Suisse First Boston's view of the actual value of Ticketmaster or USA. The analyses performed by Credit Suisse First Boston are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the value of businesses or assets do not purport to be appraisals or to necessarily reflect the prices at which businesses or assets may actually be sold. The analyses performed were prepared solely as part of Credit Suisse First Boston's analysis of the fairness of the exchange ratio to holders of Ticketmaster common stock, other than USA and its affiliates, from a financial point of view, and were provided to the special committee in connection with the delivery of the Credit Suisse First Boston opinion.

The following is a summary of material financial analyses performed by Credit Suisse First Boston in connection with the preparation of its opinion, and reviewed with the special committee at a meeting of the special committee held on October 9, 2002. Certain of the following summaries of financial analyses that were performed by Credit Suisse First Boston include information presented in tabular format. In order to understand fully the material financial analyses that were performed by Credit Suisse First Boston, the tables should be read together with the text of each summary. The tables alone do not constitute a complete description of the material financial analyses. In addition, Credit Suisse First Boston considered a range of values, where applicable, from \$0 to \$2.1 billion for the Vivendi Universal Entertainment LLLP, or VUE, securities held by USA. For purposes of the information presented in tabular format, Credit Suisse First Boston assumed a value of \$1 billion for the VUE securities held by USA.

*Summary of Relative Valuation Analyses.* Credit Suisse First Boston derived implied exchange ratio reference ranges based on a consolidated comparable company trading analysis, consolidated discounted cash flow analysis, contribution analysis, sum-of-the-parts comparable companies analysis, sum-of-the-parts discounted cash flow analysis and precedent exchange ratio premiums paid analysis for Ticketmaster and USA, as more fully described below. Credit Suisse First Boston then compared the exchange ratio in the merger of 0.935 with the exchange ratio reference ranges set forth in the table below:

**Implied Exchange Ratio  
Reference Range**

	Low	High
Consolidated Comparable Company Trading Analysis	0.7694x	0.8178x
Consolidated Discounted Cash Flow Analysis	0.8214x	0.8231x
Contribution Analysis	0.7770x	0.8034x
Sum-of-the-Parts Comparable Companies Analysis	0.8009x	0.8526x
Sum-of-the-Parts Discounted Cash Flow Analysis	0.8023x	0.8247x
Precedent Exchange Ratio Premiums Paid Analysis	0.8724x	0.9372x

Credit Suisse First Boston noted that the exchange ratios derived from its relative valuation analyses for USA and Ticketmaster indicated an implied exchange ratio reference range of 0.7694 to 0.9372, as compared to the exchange ratio in the merger of 0.935.

**Analysis of Ticketmaster**

*Transaction Multiples.* Credit Suisse First Boston calculated several values implied by the exchange ratio, including the implied price per share of Ticketmaster common stock, the implied premium to the closing share price of Ticketmaster Class B common stock on October 7, 2002, the implied minority pro forma fully-diluted ownership of Ticketmaster stockholders in the combined company, the implied Ticketmaster fully-diluted equity market value, the implied Ticketmaster fully-diluted minority equity market value and the implied Ticketmaster fully-diluted aggregate market value. For purposes of this section of the information statement/prospectus, aggregate market value generally means equity value plus net debt (*i.e.*, total debt, including preferred stock and, where applicable, the minority interests not owned by the majority stockholder, less cash and cash equivalents), often also referred to as enterprise value. The following table summarizes the results of this analysis:

Implied Price Per Share of Ticketmaster Common Stock	Implied Premium to Market Price Per Share of Ticketmaster Common Stock	Implied Minority Pro Forma Fully-Diluted Ticketmaster Ownership in USA	Implied Ticketmaster Fully-Diluted Equity Market Value (in millions)	Implied Ticketmaster Fully-Diluted Minority Equity Value (in millions)	Implied Ticketmaster Fully-Diluted Aggregate Market Value (in millions)
\$ 15.60	17.3%	9.0%	\$ 2,268	\$ 774	\$ 2,121

Credit Suisse First Boston also calculated certain additional values implied by the exchange ratio, including the implied fully-diluted aggregate value of Ticketmaster as a multiple of Ticketmaster's estimated EBITDA for calendar year 2003, and the implied price per share of Ticketmaster common stock as a multiple of Ticketmaster's estimated earnings per share for calendar year 2003. For purposes of this section of the information statement/prospectus, EBITDA generally means earnings before interest, taxes, depreciation and amortization. For purposes of Credit Suisse First Boston's analyses of Ticketmaster, EBITDA was based on Ticketmaster management estimates. For purposes of Credit Suisse First Boston's analyses of USA and of companies comparable to Ticketmaster and USA, EBITDA was based on Wall Street analyst reports. Fully taxed Wall Street forecasts (as referenced in the table below) means Ticketmaster's estimated earnings per share based on Wall Street analyst

reports and reflect the highest future tax rate applied by such analysts in such reports. Fully taxed base case (as referenced in the table below) means Ticketmaster's estimated earnings per share reflecting Ticketmaster management estimates. These implied values were based on the closing share price of Ticketmaster Class B common stock on October 7, 2002 and the price per share of Ticketmaster common stock implied by the exchange ratio and the value of USA common stock on October 7, 2002. The following table summarizes the results of this analysis:

Implied Multiples	Multiples Implied by Exchange Ratio
Fully-Diluted Aggregate Value/Calendar Year 2003 Estimated EBITDA	11.7x
Price per Ticketmaster Share/Calendar Year 2003 Estimated Earnings Per Share of Ticketmaster common stock (based on fully taxed Wall Street forecasts)	22.7x
Price per Ticketmaster Share/Estimated Calendar Year 2003 Earnings	25.5x

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Implied Multiples	Multiples Implied by Exchange Ratio
Per Share of Ticketmaster common stock (based on fully taxed base case estimates)	

*Historical Exchange Ratio Analysis.* Credit Suisse First Boston calculated the average ratio of the closing per share price of Ticketmaster Class B common stock to closing per share price of USA common stock during various periods ended May 31, 2002 and October 7, 2002, and the premium/(discount) of the market exchange ratio and the merger exchange ratio to such average exchange ratios. The average unaffected market exchange ratios set forth in the table below are based on the observed market exchange ratios during the specified periods ended May 31, 2002, the last trading day prior to USA's announcement on June 3, 2002 of its intention to commence an exchange offer to acquire up to 100% of the outstanding shares of Ticketmaster common stock that USA and its affiliates did not already own. The average current market exchange ratios set forth in the table below are based on the observed market exchange ratios during the specified periods ended October 7, 2002. The following tables summarize the results of these analyses:

**Exchange Ratio Over Various Time Periods (Unaffected)**

Unaffected as of May 31, 2002	Average Unaffected Market Exchange Ratio Over Period	Premium/(Discount) Implied by Proposed Exchange Ratio
Last 30 trading days	0.7787x	20.1%
Last 20 trading days	0.7803x	19.8%
Last 10 trading days	0.7859x	19.0%
Unaffected Exchange Ratio <sup>(1)</sup>	0.7505x	24.6%

(1) As of May 31, 2002.

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**Exchange Ratio Over Various Time Periods (Current)**

Current Market as of October 7, 2002	Average Current Market Exchange Ratio Over Period	Premium/(Discount) Implied by Proposed Exchange Ratio
Last 30 trading days	0.7749x	20.7%
Last 20 trading days	0.7842x	19.2%
Last 10 trading days	0.7900x	18.3%
Current Exchange Ratio <sup>(1)</sup>	0.7968x	17.3%

(1) As of October 7, 2002.

*Consolidated Comparable Company Trading Analysis.* Credit Suisse First Boston compared certain financial information of Ticketmaster with that of certain other leading online and ticketing companies, including:

USA

Expedia, Inc.

Hotels.com

Sabre Holdings

Priceline.com

Pegasus

Such information included, among other things, the mean and median of several financial metrics for these companies, including prices per share as a multiple of estimated earnings per share for calendar year 2003, and the fully-diluted aggregate values as a multiple of estimated revenue and estimated EBITDA for calendar year 2003. The multiples were calculated using Ticketmaster management estimates for calendar year 2003 and closing stock prices as of October 7, 2002. The following table summarizes the results of this analysis:

	<b>Price Per Share/ Earnings Per Share</b>	<b>Fully-Diluted Aggregate Value/Revenue</b>	<b>Fully-Diluted Aggregate Value/EBITDA</b>
Ticketmaster (based on a price per share of Ticketmaster common stock between \$13.00 and \$17.00)	21.3x to 27.8x	1.9x to 2.6x	9.5x to 12.8x
<b>Comparable Companies</b>			
Low	6.8x	0.1x	2.7x
High	30.8x	3.2x	11.9x
Median	16.0x	1.4x	8.7x
Mean	17.1x	1.4x	7.4x

No company utilized as a comparison in the comparable company trading analysis is identical to Ticketmaster or USA. Mathematical analysis, such as determining the average or the median, must be considered along with the other analyses prepared by Credit Suisse First Boston and, is not, in itself, a meaningful method of using comparable company trading data. Credit Suisse First Boston believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all analyses and factors, could create a misleading view of the processes underlying the Credit Suisse First Boston opinion.

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**Consolidated Discounted Cash Flow Analysis.** Credit Suisse First Boston performed a consolidated discounted cash flow analysis to calculate the estimated present value of the unlevered, after-tax free cash flows of Ticketmaster. Credit Suisse First Boston calculated certain implied equity values per share of Ticketmaster common stock based on financial forecasts for Ticketmaster provided to Credit Suisse First Boston by Ticketmaster management. The discounted cash flow analysis was based on various operating assumptions provided by Ticketmaster management, including assumptions relating to, among other items, Ticketmaster's forecasted revenues, operating costs, and taxes. Credit Suisse First Boston's analysis used discount rates ranging from 14.0% to 18.0% and trailing EBITDA exit multiples of 8.5x to 10.5x. The following table summarizes the results of this analysis:

<b>Discount Rate</b>	<b>Trailing EBITDA Exit Multiple</b>		
	<b>8.5x</b>	<b>9.5x</b>	<b>10.5x</b>
14.0% Implied Price per Share of Ticketmaster common stock	\$ 18.11	\$ 19.65	\$ 21.20
16.0% Implied Price per Share of Ticketmaster common stock	\$ 16.90	\$ 18.32	\$ 19.74
18.0% Implied Price per Share of Ticketmaster common stock	\$ 15.80	\$ 17.11	\$ 18.42

**Contribution Analysis.** Credit Suisse First Boston analyzed the relative contributions of Ticketmaster and USA to the estimated pro forma total revenues, EBITDA and net income of the combined company for calendar years 2002 and 2003. Credit Suisse First Boston then calculated certain financial metrics implied by Ticketmaster's contribution to such pro forma values, including the implied pro forma fully-diluted ownership of Ticketmaster stockholders (other than USA and its affiliates) and the implied exchange ratio. The following table sets forth the values for such financial metrics:

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	<b>Non-USA Ticketmaster Implied Fully- Diluted Ownership in USA<sup>(1)</sup></b>	<b>Implied Exchange Ratio</b>
<b>Revenues</b>		
Calendar Year 2002 Estimates	5.6%	0.5791x
Calendar Year 2003 Estimates	5.5%	0.5739x
<b>EBITDA</b>		
Calendar Year 2002 Estimates	7.7%	0.8034x
Calendar Year 2003 Estimates	7.4%	0.7770x
<b>Net Income</b>		
Calendar Year 2002 Estimates	14.7%	1.5721x
Calendar Year 2003 Estimates	10.7%	1.1196x

(1) Adjusted to reflect net debt (cash) balances. USA debt excludes all net debt related to Ticketmaster.

*Sum-of-the-Parts Analysis.* Credit Suisse First Boston separately analyzed each of Ticketmaster's ticketing, online personals and city guide business segments. For purposes of this analysis, Credit Suisse First Boston reviewed the estimated implied aggregate value of these business segments based on a public market trading value analysis and a discounted cash flow analysis. Based on an analysis of this data, Credit Suisse First Boston estimated an implied value per share range of Ticketmaster common stock of \$13.55 to \$17.70 and \$15.79 to \$21.80 based on a public market trading analysis and a discounted cash flow analysis, respectively.

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(In millions, except per share data)

	<b>Trading</b>	<b>Discounted Cash Flow</b>
Ticketing	\$1,200 to \$1,600	\$1,300 to \$1,800
Online Personals	\$600 to \$800	\$800 to \$1,100
Cityguide	\$15 to \$35	\$50 to \$150
Implied Aggregate Value	\$1,815 to \$2,435	\$2,150 to \$3,050
Less: Net Debt/(Cash)	(\$147)	(\$147)
Implied Ticketmaster Equity Value	\$1,962 to \$2,582	\$2,297 to \$3,197
Implied Value per Share of Ticketmaster Common Stock	\$13.55 to \$17.70	\$15.79 to \$21.80
% Premium/(Discount) to Current Market Price of Ticketmaster Class B Common Stock as of October 7, 2002	2.0% to 33.1%	18.8% to 64.0%

*Precedent Exchange Ratio Premiums Paid Analysis.* Credit Suisse First Boston reviewed the exchange ratio premiums paid in 34 precedent stock-for-stock minority interest purchase transactions since 1990, and 21 precedent stock-for-stock minority interest purchase transactions since 1996. For each group of transactions, Credit Suisse First Boston calculated the mean premium implied by the average exchange ratio in such transactions relative to the average ratio of the closing stock prices for the target companies and the acquiror companies in the transactions over various periods prior to public announcement of such transactions. Credit Suisse First Boston then applied such mean premiums to the ratio of the current and unaffected closing prices of Ticketmaster Class B common stock to the current and unaffected closing prices of USA common stock over the corresponding periods, to calculate the merger exchange ratios implied by these transactions. The following tables summarize the results of this analysis:

**Precedent Premiums Paid 1990 - 2002 (34 Deals)**

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	<b>Mean Exchange Ratio Premium Paid</b>	<b>Implied Merger Exchange Ratio Based on Unaffected Market Price Applying Mean Precedent Premium<sup>(1)</sup></b>	<b>Implied Merger Exchange Ratio Based on Current Market Price Applying Mean Precedent Premium<sup>(2)</sup></b>
Market	17.8%	0.8841x	0.9385x
Trailing 10 Trading Days Average	19.2%	0.9365x	0.9415x
Trailing 20 Trading Days Average	18.1%	0.9214x	0.9260x
Trailing 30 Trading Days Average	16.9%	0.9106x	0.9062x
Trailing 60 Trading Days Average	17.3%	0.9681x	0.8887x

(1) The implied merger exchange ratio is based on the unaffected market price of Ticketmaster Class B common stock and USA common stock prior to USA's announcement on June 3, 2002.

(2) The implied merger exchange ratio is based on the current market price as of October 7, 2002 of Ticketmaster Class B common stock and USA common stock.

Credit Suisse First Boston noted that the merger exchange ratios implied by the precedent premiums paid in 34 precedent stock-for-stock minority interest purchase transactions since 1990, as applied to the ratio of the unaffected market price of Ticketmaster Class B common stock to the unaffected market price of USA common stock, indicated a range of implied exchange ratios from 0.8841 to 0.9681, as compared to the exchange ratio in the merger of 0.935. Credit Suisse First Boston noted that the merger exchange ratios implied by the precedent premiums paid in 34 precedent stock-for-stock minority interest purchase transactions since 1990, as applied to the ratio of the current market price of Ticketmaster Class B common stock to the current market price of USA common stock, indicated a range of implied exchange ratios from 0.8887 to 0.9415, as compared to the exchange ratio in the merger of 0.935.

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**Precedent Premiums Paid 1996 - 2002 (21 Deals)**

	<b>Mean Exchange Ratio Premium Paid</b>	<b>Implied Merger Exchange Ratio Based on Unaffected Market Price Applying Mean Precedent Premium<sup>(1)</sup></b>	<b>Implied Merger Exchange Ratio Based on Current Market Price Applying Mean Precedent Premium<sup>(2)</sup></b>
Market	16.2%	0.8724x	0.9262x
Trailing 10 Trading Days Average	17.3%	0.9219x	0.9267x
Trailing 20 Trading Days Average	15.3%	0.8999x	0.9044x
Trailing 30 Trading Days Average	13.1%	0.8810x	0.8768x
Trailing 60 Trading Days Average	13.6%	0.9372x	0.8604x

(1) The implied merger exchange ratio is based on the unaffected market price of Ticketmaster Class B common stock and USA common stock prior to the exchange offer initially proposed by USA on June 3, 2002.

(2) The implied merger exchange ratio is based on the current market price as of October 7, 2002 of Ticketmaster Class B common stock and USA common stock after the exchange offer initially proposed by USA on June 3, 2002.

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Credit Suisse First Boston noted that the merger exchange ratios implied by the precedent premiums paid in 21 precedent stock-for-stock minority interest purchase transactions since 1996, as applied to the ratio of the unaffected market price of Ticketmaster Class B common stock to the unaffected market price of USA common stock, indicated a range of implied exchange ratios from 0.8724 to 0.9372, as compared to the exchange ratio in the merger of 0.935. Credit Suisse First Boston noted that the merger exchange ratios implied by the precedent premiums paid in 21 precedent stock-for-stock minority interest purchase transactions since 1996, as applied to the ratio of the current market price of Ticketmaster Class B common stock to the current market price of USA common stock, indicated a range of implied exchange ratios from 0.8604 to 0.9267, as compared to the exchange ratio in the merger of 0.935.

No transaction utilized as a comparison in the precedent exchange ratio premiums analysis is identical to the merger. Mathematical analysis, such as determining the average or the median, must be considered along with the other analyses prepared by Credit Suisse First Boston and, is not, in itself, a meaningful method of using comparable company trading data. Credit Suisse First Boston believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all analyses and factors, could create a misleading view of the processes underlying the Credit Suisse First Boston opinion.

*Accretion/(Dilution) Analysis.* Credit Suisse First Boston analyzed certain pro forma effects expected to result from the merger, including, among other things, the expected effect of the merger on USA's estimated earnings per share for calendar year 2003. The estimated earnings for calendar year 2003 were based on publicly available forecasts prepared by Wall Street securities research analysts. The following table sets forth the resulting accretion/(dilution) to USA's estimated earnings per share (without giving effect to the merger) for calendar year 2003 relative to the combined company's estimated pro forma earnings per share for calendar year 2003 assuming cost savings and other synergies anticipated to result from the merger:

Exchange Ratio	Implied		Calendar Year 2003 Estimated Earnings per Share Accretion/ (Dilution) <sup>(3)</sup>	Multiple to Maintain USA Share Price <sup>(1)</sup>	
	Price per Share <sup>(2)</sup>	Premium to Current Price <sup>(2)</sup>		Price/Earnings	EBITDA
0.9350	\$ 15.60	17.3%	0.3%	26.4x	9.90x

- (1) The multiple at which USA needs to trade in order for USA's stock price to remain at the same level as prior to the announcement of the merger.
- (2) Based on current prices of \$16.68 and \$13.29 for shares of USA common stock and Ticketmaster Class B common stock, respectively, as of October 7, 2002.
- (3) Assumes \$10 million in estimated annual pre-tax synergies and a tax rate of 39%.

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The actual results achieved by the combined company after the merger may vary from such estimated results and the variations may be material.

### *Analysis of USA*

*Sum-of-the-Parts Analysis.* Credit Suisse First Boston separately analyzed each of Ticketmaster, Hotels.com, Expedia, Inc. and USA's wholly owned operations, including HSN and PRC. For purposes of this analysis, Credit Suisse First Boston reviewed the estimated implied value of these business segments based on a trading value analysis and a discounted cash flow analysis. Based on an analysis of this data, Credit Suisse First Boston estimated an implied value per share of USA common stock of \$15.90 to \$22.09 and \$19.68 to \$26.44 based on a trading value analysis and a discounted cash flow analysis, respectively.

(In millions, except per share data)

	Trading	Discounted Cash Flow
Ticketmaster <sup>(1)</sup>	\$1,600 to \$2,400	\$2,150 to \$3,050

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	Trading	Discounted Cash Flow
Hotels.com	\$1,900 to \$2,700	\$2,100 to \$2,800
Expedia, Inc.	\$2,100 to \$3,000	\$2,700 to \$3,600
HSN and PRC	\$1,300 to \$2,000	\$1,900 to \$2,900
Implied Aggregate Value	\$6,900 to \$10,100	\$8,850 to \$12,350
Less: Net Debt/(Cash)	(\$559)	(\$559)
Implied Equity Value	\$7,459 to \$10,659	\$9,409 to \$12,909
Implied Value per Share of USA Common Stock	\$15.90 to \$22.09	\$19.68 to 26.44
% Premium/(Discount) to Current Market Price of Ticketmaster Class B common stock as of October 7, 2002	(4.7%) to 32.5%	18.0% to 58.5%

(1) Based on Wall Street analyst reports.

*Discounted Cash Flow Analysis.* Using a discounted cash flow analysis, Credit Suisse First Boston calculated certain implied fully-diluted equity values per share of USA common stock based on financial forecasts for USA based on Wall Street analyst reports. The discounted cash flow analysis was based on various operating assumptions based on Wall Street analyst reports, including assumptions relating to, among other items, revenue, operating costs, taxes, working capital, capital expenditures and depreciation. Credit Suisse First Boston's analysis used discount rates ranging from 13.0% to 17.0% and trailing EBITDA exit multiples of 7.0x to 9.0x. The following table summarizes the results of this analysis:

Discount Rate	Trailing EBITDA Exit Multiple		
	7.0x	8.0x	9.0x
13.0% Implied Price per Share of USA Common Stock	\$ 21.82	\$ 23.81	\$ 25.80
15.0% Implied Price per Share of USA Common Stock	\$ 20.44	\$ 22.28	\$ 24.11
17.0% Implied Price per Share of USA Common Stock	\$ 19.20	\$ 20.89	\$ 22.58

Credit Suisse First Boston's opinion and presentation to the special committee was one of many factors taken into consideration by the special committee in making its determination to recommend the merger. Consequently, the analyses described above should not be viewed as determinative of the opinion of the special committee, the Ticketmaster board of directors or the management of Ticketmaster with respect to the value of Ticketmaster or whether the special committee would have been willing to agree to a different exchange ratio.

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In addition to the fairness opinion analyses described in this section, at the special committee's request, on October 9, 2002, Credit Suisse First Boston separately provided to the special committee a summary of certain information updating the transaction multiple analysis and historical exchange ratio analysis, each of which are described above, to reflect a current market exchange ratio based on the closing share prices of Ticketmaster Class B common stock and USA common stock on October 9, 2002. Based on this data,

the implied price per share of Ticketmaster common stock was \$15.17,

the premium implied by the exchange ratio to the closing share price of Ticketmaster Class B common stock on October 9, 2002 was 20.4%,

the implied pro forma minority fully-diluted ownership of Ticketmaster stockholders in the combined company was 9.0%,

the implied Ticketmaster fully-diluted equity market value was \$2,203 million,

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the implied Ticketmaster fully-diluted minority equity market value was \$751 million,

the implied Ticketmaster fully-diluted aggregate market value was \$2,056 million,

the implied fully-diluted aggregate value of Ticketmaster as a multiple of Ticketmaster estimated EBITDA for calendar year 2003 was 11.3x,

the implied price per share of Ticketmaster common stock as a multiple of Ticketmaster's estimated earnings per share for calendar year 2003, based on fully-taxed Wall Street forecasts and the fully-taxed base case, as described above, were 22.1x and 24.8x, respectively,

the average current market exchange ratio for the 30, 20 and 10 trading days ended October 9, 2002 were .7771x, .7841x and .7882x, respectively, resulting in premiums implied by the merger exchange ratio of 20.3%, 19.2% and 18.6%, respectively, for such time periods, and

the current market exchange ratio as of October 9, 2002 was .7768x, resulting in an implied premium of 20.4%.

The special committee retained Credit Suisse First Boston to act as its financial advisor in connection with the merger. Credit Suisse First Boston was selected by the special committee based on Credit Suisse First Boston's qualifications, expertise and reputation. Credit Suisse First Boston is an internationally recognized investment banking and advisory firm. Credit Suisse First Boston, as part of its investment banking business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. In the past, Credit Suisse First Boston and its affiliates have provided certain investment banking and financial services unrelated to the merger to Ticketmaster and USA and their respective affiliates for which it received compensation, and may in the future provide certain investment banking and financial services to USA and its affiliates. In the ordinary course of its business, Credit Suisse First Boston and its affiliates may actively trade the debt and equity securities of Ticketmaster and USA for Credit Suisse First Boston's and its affiliates' own accounts and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

Pursuant to an engagement letter dated as of June 12, 2002, the special committee engaged Credit Suisse First Boston to provide financial advisory services to the special committee in connection with the merger, including, among other things, rendering its opinion. Pursuant to the terms of the engagement letter, Ticketmaster has agreed to pay Credit Suisse First Boston a customary fee in connection therewith, a significant portion of which is contingent upon the consummation of the merger. Credit Suisse First Boston will also receive a fee for rendering its opinion. In addition,

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Ticketmaster has agreed to reimburse Credit Suisse First Boston for its out-of-pocket expenses, including attorney's fees, incurred in connection with its engagement and to indemnify Credit Suisse First Boston and certain related persons against certain liabilities and expenses arising out of or in conjunction with its rendering of services under its engagement, including liabilities arising under the federal securities laws.

### **Material United States Federal Income Tax Consequences**

The following description summarizes the material United States federal income tax consequences of the merger for Ticketmaster stockholders. 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 information statement/prospectus, all of which are subject to change, possibly retroactively. Any change could affect the continuing validity of the tax consequences described in this information statement/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 Ticketmaster stockholders who are U.S. persons. For purposes of this description, the term "U.S. person" means:

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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

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 Ticketmaster stockholders who hold their shares of Ticketmaster common stock as a capital asset. Further, it assumes that the merger is completed as described in this information statement/prospectus and that all conditions to closing the merger set forth in this information statement/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 Ticketmaster stockholder in light of the stockholder's individual circumstances or to Ticketmaster stockholders 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;

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

dealers in securities or foreign currencies;

Ticketmaster stockholders who are subject to the alternative minimum tax;

Ticketmaster stockholders who received their shares of Ticketmaster common stock through the exercise of options, or otherwise as compensation or through a tax-qualified retirement plan;

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holders of options granted by Ticketmaster; and

Ticketmaster stockholders who hold shares of Ticketmaster 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.

The merger has been structured to qualify as a reorganization for U.S. federal income tax purposes. Assuming that the merger so qualifies, you will generally not recognize gain or loss upon the receipt of shares of USA common stock in exchange for your shares of Ticketmaster common stock, other than any gain or loss recognized on the receipt of cash instead of fractional shares or as a result of validly exercised appraisal rights by holders of Ticketmaster Class A common stock in connection with the merger. In addition, the aggregate basis of the shares of USA common stock that you receive in the merger (including fractional shares deemed received and redeemed as described below) will equal the aggregate basis of your shares of Ticketmaster common stock exchanged in the merger, and the holding period of the shares of USA common stock that you receive in the merger (including fractional shares deemed received and redeemed as described below) will include the holding period of your shares of Ticketmaster common stock exchanged in the merger. USA and Ticketmaster will not be required to complete the merger unless USA receives an opinion from Wachtell Lipton, and Ticketmaster receives an opinion from Mintz Levin, in each case to the effect that, among other things, the merger will qualify as a reorganization for U.S. federal income tax purposes.

Cash received by a holder of Ticketmaster common stock instead of a fractional share interest in USA common stock will be treated as though the fractional share interest were received in the merger and then immediately redeemed for cash, and a Ticketmaster stockholder should generally recognize capital gain or loss measured by the difference between the amount of cash received and the tax basis of the fractional share interest (determined as described above). This gain or loss should be a long-term capital gain or loss if the holding period for the fractional share interest (determined as described above) is greater than one year at the effective time of the merger. Long-term capital gain of a non-corporate stockholder is generally subject to a maximum tax rate of 20%.

A holder of shares of Ticketmaster Class A common stock who receives cash for all of his or her shares of Ticketmaster Class A common stock pursuant to the exercise of appraisal rights in connection with the merger generally will recognize gain or loss equal to the difference between the tax basis of the shares of Ticketmaster Class A common stock surrendered and the amount of cash received, except that any cash received that is or is deemed to be interest for federal income tax purposes will be taxed as ordinary income. Gain or loss that is not treated as ordinary income will be capital gain or loss and any such capital gain or loss will be long term if, as of such time, you have held your shares of Ticketmaster common stock for more than one year. A Ticketmaster stockholder receiving cash pursuant to the exercise of appraisal rights may be required to recognize gain or loss in the year the merger closes, irrespective of whether the stockholder actually receives payment for its shares of Ticketmaster Class A common stock in that year.

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 stockholder 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 stockholders if such foreign stockholders 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 stockholder should consult such stockholder's own tax advisor as to its qualification for exemption from backup withholding and the procedure for obtaining such exemption.

All stockholders who are U.S. persons exchanging shares of Ticketmaster 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). Non-corporate foreign stockholders should complete and sign IRS Form W-BEN (such forms will be available from the exchange agent following the completion of the merger), in order to avoid backup withholding.

**Tax matters are very complicated, and the tax consequences of the merger to each Ticketmaster stockholder will depend on the facts of that stockholder'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 Ticketmaster stockholder in light of the stockholder's individual circumstances and may not be applicable to stockholders 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

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Under Delaware law, holders of shares of Ticketmaster Class B common stock, which are publicly traded, do not have appraisal rights in connection with the merger. However, holders of shares of Ticketmaster Class A common stock at the effective time of the merger who (a) do not wish to accept the consideration provided for in the merger and (b) comply with the procedures provided for in Section 262 of the General Corporation Law of the State of Delaware, or the DGCL, will be entitled to have their shares of Ticketmaster Class A common stock appraised by the Delaware Court of Chancery and to receive a payment in cash of the "fair value" of those shares as determined by the court. The following discussion summarizes provisions of Section 262 of the DGCL regarding appraisal rights that are applicable in connection with the merger. This discussion is qualified in its entirety by reference to Section 262 of the DGCL. A copy of Section 262 is attached to this document as *Appendix C*, and we urge you to read it carefully in its entirety. If you fail to take any action required by Delaware law, your rights to an appraisal in connection with the merger will be waived or terminated.

### ***Notification of Merger's Effective Time***

Within ten days after the effective time of the merger, Ticketmaster will send notice of the effective time and the availability of appraisal rights to each holder of shares of Ticketmaster Class A common stock.

### ***Electing Appraisal Rights***

To exercise appraisal rights, the record holder of shares of Ticketmaster Class A common stock must, within 20 days after the date Ticketmaster mails the notice referred to in the prior paragraph, deliver a written demand for appraisal to Ticketmaster. This demand must reasonably inform

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Ticketmaster of the identity of the holder of record and that the stockholder demands appraisal of his, her or its shares of Ticketmaster Class A common stock.

A demand for appraisal must be delivered to: Corporate Secretary, Ticketmaster, 3701 Wilshire Boulevard, Los Angeles, California 90010.

### ***Only Record Holders May Demand Appraisal Rights***

Only a record holder of Ticketmaster Class A common stock is entitled to demand appraisal rights. The demand must be executed by or for the record holder, fully and correctly, as the holder's name appears on the holder's stock certificates.

If shares of Ticketmaster Class A common stock are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, the demand should be executed in that capacity.

If shares of Ticketmaster Class A common stock are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all owners.

An authorized agent, including one of two or more joint owners, may execute the demand for appraisal for a holder of record. The agent must identify the owner or owners of record and expressly disclose the fact that, in executing the demand, the agent is acting as agent for the owner or owners of record.

A holder of record, such as a broker, who holds shares of Ticketmaster Class A common stock as nominee for a beneficial owner, may exercise a holder's right of appraisal with respect to shares of Ticketmaster Class A common stock held for all or less than all of those beneficial owners' interest. In that case, the written demand should set forth the number of shares of Ticketmaster Class A common stock covered by the demand. If no number of shares is expressly mentioned, the demand will be presumed to cover all of the shares of Ticketmaster Class A common stock standing in the name of the record holder. Holders of Ticketmaster Class A common stock who hold their shares in brokerage accounts or through any other nominee and wish to exercise appraisal rights should consult their brokers or other nominees to determine the procedures they must follow in order for their brokers and other nominees to exercise appraisal rights in respect of their shares of Ticketmaster Class A common stock.

### ***Court Petition Must Be Filed***

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Within 120 days after the effective time of the merger, Ticketmaster or any holder of shares of Ticketmaster Class A common stock who has satisfied the foregoing conditions may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of shares of Ticketmaster Class A common stock. Neither USA nor Ticketmaster will have any obligation to file such a petition. Holders of Ticketmaster Class A common stock seeking to exercise appraisal rights should initiate all necessary action to perfect their rights within the time periods prescribed by Delaware law.

Within 120 days after the effective time of the merger, any holder of Ticketmaster Class A common stock who has complied with the requirements under Section 262 of the DGCL for exercise of appraisal rights may make a written request to receive from Ticketmaster a statement of the total number of shares of Ticketmaster Class A common stock with respect to which demands for appraisal have been received and the total number of holders of these shares. Ticketmaster will be required to mail these statements within ten days after it receives a written request.

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### *Appraisal Proceeding by Delaware Court*

If a petition for an appraisal is timely filed, after a hearing on the petition, the Delaware Court of Chancery will determine which of the stockholders are entitled to appraisal rights. The court will appraise the shares of Ticketmaster Class A common stock owned by the stockholders and determine their fair value. In determining fair value, the court may consider a number of factors including market values of Ticketmaster Class A common stock, if any, asset values and other generally accepted valuation considerations, but will exclude any element of value arising from the accomplishment or expectation of the merger. The court will also determine the amount of interest, if any, to be paid upon the value of Ticketmaster Class A common stock to the stockholders entitled to appraisal.

The value determined by the court for shares of Ticketmaster Class A common stock could be more than, less than, or the same as the merger consideration, but the form of the consideration payable as a result of the appraisal proceeding would be cash. The court may determine the costs of the appraisal proceeding and allocate them to the parties as the court determines to be equitable under the circumstances. The court may also order that all or a portion of any stockholder's expenses incurred in connection with an appraisal proceeding, including reasonable attorneys' fees and expenses and reasonable fees and expenses of experts utilized in the appraisal proceeding, be charged, on a pro rata basis, against the value of all shares of Ticketmaster Class A common stock entitled to appraisal.

### *Effect of Appraisal Demand on Voting and Right to Dividends; Tax Consequences*

Any stockholder who has duly demanded an appraisal in compliance with Delaware law will not, after the effective time of the merger, be entitled to vote the shares subject to the demand for any purpose. The shares subject to the demand will not be entitled to dividends or other distributions, other than those payable or deemed to be payable to stockholders of record as of a date prior to the effective time. We describe above under "Material United States Federal Income Tax Consequences," the tax consequences to a Ticketmaster stockholder who receives cash for his or her shares of Ticketmaster Class A common stock pursuant to the exercise of appraisal rights.

### *Loss, Waiver or Withdrawal of Appraisal Rights*

Holders of Ticketmaster Class A common stock will lose the right to appraisal if no petition for appraisal is filed within 120 days after the effective time of the merger. A stockholder will also lose the right to an appraisal by delivering to Ticketmaster a written withdrawal of the stockholder demand for an appraisal. Any attempt to withdraw a demand for an appraisal that is made more than 60 days after the effective time of the merger requires Ticketmaster's written approval. If appraisal rights are not perfected or a demand for appraisal rights is timely withdrawn, a stockholder will be entitled to receive the consideration otherwise payable pursuant to the merger, without interest. The number of shares of USA common stock, and cash instead of a fraction of a share of USA common stock, delivered to such stockholder will be based on the same exchange ratio utilized in the merger, regardless of the market price of shares of USA common stock at the time of delivery.

### *Dismissal of Appraisal Proceeding*

If an appraisal proceeding is timely instituted, this proceeding may not be dismissed as to any stockholder who has perfected a right of appraisal without the approval of the court.

## **Regulatory Approvals Required for the Merger**

Except as we have described in this information statement/prospectus, 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 Securities Act and the Exchange Act in connection

with the merger.

### **Stockholder Litigation**

Following USA's announcement on June 3, 2002 that it intended to commence exchange offers to acquire up to 100% of the outstanding shares of Ticketmaster, Expedia, Inc., and Hotels.com that it did not already own, a number of complaints against USA, its publicly held subsidiaries (including Ticketmaster) and the boards of directors of its publicly held subsidiaries (including Ticketmaster) were filed by individual stockholders of USA's publicly held subsidiaries in the Court of Chancery, County of New Castle, State of Delaware with respect to Ticketmaster and Hotels.com, in the U.S. District Court for the Central District of California with respect to Ticketmaster, and the Superior Court of the State of Washington for the County of King with respect to Expedia, Inc. The complaints generally allege the exchange offers would be a breach of fiduciary duty and that the indicated exchange ratios were unfair to the minority stockholders of USA's publicly held subsidiaries. Each of the putative class action complaints seeks, among other things, injunctive relief against consummation of the exchange offer, damages in an unspecified amount and rescission in the event the exchange offer occurs. The California complaint was dismissed without prejudice on August 6, 2002, and the complaints challenging the exchange offer with respect to Expedia, Inc. were dismissed without prejudice on November 22, 2002. USA believes that the allegations in the cases are without merit, and Ticketmaster believes that the allegations in the cases naming Ticketmaster and its directors as defendants are without merit.

### **Certain Effects of the Merger**

#### *Effects on the Market for Ticketmaster Common Stock*

Following the merger, we intend to cause the delisting of shares of Ticketmaster Class B common stock from the Nasdaq National Market, following which shares of Ticketmaster Class B common stock will not be publicly traded.

#### *Exchange Act Registration*

Shares of Ticketmaster Class B common stock are currently registered under the Exchange Act. Following the merger, we will file a Form 15 with the SEC requesting the suspension and termination of registration of shares of Ticketmaster Class B common stock under the Exchange Act.

### **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 Ticketmaster common stock and outstanding stock options in excess of approximately 66.3% of the carrying value of Ticketmaster's assets and liabilities will be allocated on a pro rata basis to Ticketmaster's assets and liabilities based on their fair values, with any excess being allocated to goodwill and any identified intangible assets. The determination of asset lives and required purchase accounting adjustments reflected in this document, including the allocation of the purchase price to the assets and liabilities of Ticketmaster based on their respective fair values, is preliminary. See the notes accompanying the Unaudited Pro Forma Combined Condensed Financial Statements of USA contained in this information statement/prospectus.

### **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 Ticketmaster stockholder that is, or is expected to be, an "affiliate" of USA or Ticketmaster for purposes of Rule 145 under the Securities Act. Persons that may be deemed to be "affiliates" of USA or Ticketmaster for such purposes generally include individuals or entities that control, are controlled by, or are under common control with, USA or Ticketmaster, respectively, and will include the

directors of USA and Ticketmaster, respectively. The merger agreement requires Ticketmaster to use its reasonable efforts to cause each of its 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.

This information statement/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 information statement/prospectus in connection with any resale of shares of USA common stock.

## FINANCIAL FORECASTS

### Publicly Disseminated Information

Each of USA's and Ticketmaster's management periodically prepares and publicly announces internal budgets regarding their anticipated operating results. On October 24, 2002, USA filed with the SEC its preliminary forecast for the year ending December 31, 2002, its preliminary budget for the year ending December 31, 2003, and certain limited preliminary growth rates for the year ending December 31, 2004, each of which assumed the completion of the merger. The preliminary forecast, budget information and growth rates filed on October 24, 2002 superseded entirely any similar information previously filed by USA and Ticketmaster. This information filed on October 24, 2002 is incorporated by reference into this information statement/prospectus. See "Where You Can Find More Information." Prior to printing of this information statement/prospectus, neither USA nor Ticketmaster has provided an update to the foregoing information since its public dissemination. The preliminary forecasts, budget and growth information were made on and as of the dates noted, and the reference to these preliminary forecasts, budget and growth information in this information statement/prospectus should not be viewed as an update or a confirmation of that information as of the date of this information statement/prospectus. Except to the extent required under applicable securities laws, neither USA nor Ticketmaster intends to make publicly available any update or other revisions to any of the preliminary forecasts, budget or growth information to reflect circumstances existing after the date of public announcement of such information.

### Internal Ticketmaster Projections

As the controlling stockholder of Ticketmaster, USA receives periodically interim projections for Ticketmaster in the ordinary course. The rough preliminary projections set forth below are included in this information statement/prospectus only because this information was obtained by USA prior to the announcement of the merger in connection with USA's existing stockholdings in Ticketmaster, and were not prepared with a view to public disclosure or compliance with the published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants regarding projections or forecasts. The rough preliminary projections were prepared during Ticketmaster's regular, ongoing internal budget review process and do not represent Ticketmaster's final forecast or budget information for the periods presented. Information relating to the periods covered by USA's October 24th press release supersedes, in its entirety, the information contained below. In addition, Ticketmaster's internal financial projections are, in general, prepared solely for internal use and capital budgeting and other management decisions and are subjective in many respects and thus susceptible to interpretations and periodic revisions based on actual experience and business developments. The preliminary projections do not purport to present Ticketmaster's operations or financial condition in accordance with accounting principles generally accepted in the United States, and Ticketmaster's independent auditors have not examined or compiled the preliminary projections and accordingly assume no responsibility for them. In addition, the projections reflect numerous assumptions made by Ticketmaster's management with respect to industry performance, general business, economic, market and financial conditions and other matters, all of which are difficult to predict, many of which are

beyond Ticketmaster's control, and none of which are subject to approval by USA. Accordingly, there can be no assurance that the assumptions made in preparing the preliminary projections will prove accurate. It is expected that there will be differences between actual and projected results, and actual results may be materially greater or less than those contained in the preliminary projections. The inclusion of the preliminary projections in this document should not be regarded as an indication that any of USA or Ticketmaster or their respective affiliates or representatives considered or consider them to be a reliable prediction of future events, and the preliminary projections should not be relied upon as such.

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None of USA, Ticketmaster or any of their affiliates or representatives has made or makes any representation to any person regarding the ultimate performance of Ticketmaster or USA compared to the information contained in the preliminary projections, and to our knowledge, none of them intends to update or otherwise revise the preliminary projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the preliminary projections are shown to be in error.

In August 2002, at the request of the special committee, Ticketmaster provided to the special committee's financial advisors a preliminary forecast for the remainder of 2002, a preliminary budget for 2003 and preliminary consolidated summary financial projections through 2006, none of which reflect the proposed merger. This projection information was confirmed orally by Ticketmaster to Credit Suisse First Boston as containing no material changes as of October 4, 2002. Ticketmaster also provided a copy of the preliminary projections provided to the special committee's financial advisors to USA. The preliminary projections are summarized in the table below.

### *Ticketmaster Consolidated Preliminary Summary*

	2002	2003	2004	2005	2006	'02 to '06 CAGR <sup>(1)</sup>
(In millions, except per share data)						
<b>Ticketing</b>						
Revenue	\$ 617.1	\$ 669.3	\$ 740.0	\$ 796.9	\$ 856.6	9%
EBITDA	132.5	150.0	185.5	214.9	241.5	16%
<b>Personals</b>						
Revenue	125.2	185.1	243.5	308.5	376.5	32%
EBITDA	35.4	50.4	72.6	95.8	120.7	36%
<b>City guide</b>						
Revenue	34.0	42.9	57.0	76.5	103.5	32%
EBITDA	(23.0)	(6.2)	4.1	10.8	28.2	
<b>Corporate and other</b>						
Revenue						
EBITDA	(12.0)	(12.3)	(12.7)	(13.1)	(13.5)	(3)%
<b>Ticketmaster</b>						
Revenue	\$ 776.3	\$ 897.3	\$ 1,040.4	\$ 1,181.9	\$ 1,336.6	15%
EBITDA <sup>(2)</sup>	132.9	181.9	249.6	308.4	377.0	30%
Operating Income <sup>(3)</sup>	18.1	69.1	150.0	239.5	302.7	102%
Net Income <sup>(4)</sup>	8.4	24.9	80.5	145.7	181.8	116%
Free Cash Flow <sup>(5)</sup>	111.3	135.2	140.5	150.0	184.8	14%
Cash Income <sup>(6)</sup>	80.0	88.3	123.9	152.8	186.8	24%
Cash EPS <sup>(7)</sup>	\$ 0.56	\$ 0.61	\$ 0.85	\$ 1.05	\$ 1.28	23%
Free Cash Balance (end) <sup>(8)</sup>	183.5	318.7	459.2	609.3	794.1	44%

(1) CAGR means cumulative annual growth rate.

(2) EBITDA is defined as earnings before interest, taxes, depreciation, amortization, merger and other non-recurring charges, minority interest, advertising provided by USA for which no consideration was paid by Ticketmaster, non-cash compensation, equity in net income (loss) of unconsolidated affiliates, investment losses, net, other income and expenses and cumulative effect of accounting change.

(3) Operating Income is defined as earnings before interest, taxes, merger and other non-recurring charges, minority interest, equity in net income (loss) of unconsolidated affiliates, investment losses, net, other income and expenses and cumulative effect of accounting change.

(4)

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2002 net income excludes the \$114.8 million cumulative effect of accounting change as of January 1, 2001 due to the adoption of FAS 142.

- (5) Free Cash Flow includes cash flow from operations, less (a) capital expenditures and (b) cash used for investments and/or joint ventures, plus (c) stock option proceeds, and excludes funds held separately in accounts on behalf of venues, teams and promoters and the effects of any debt payments (including amounts due to USA and its affiliates).
- (6) Cash Income is defined as income (loss) before cumulative effect of accounting change excluding amortization, merger and other non-recurring charges, advertising provided by USA for which no consideration was paid by Ticketmaster, non-cash compensation, equity in income (loss) of unconsolidated affiliates and investment losses, net.
- (7) Cash EPS is defined as basic earnings per share before cumulative effect of accounting change excluding amortization, merger and other non-recurring charges, advertising provided by USA for which no consideration was paid by Ticketmaster, non-cash compensation, equity in income (loss) of unconsolidated affiliates and investment losses, net. All amounts are presented based on average basic shares outstanding. Assumes Ticketmaster reports GAAP tax provision at the statutory rate beginning in 2003.
- (8) Free Cash Balance represents cash available for Ticketmaster's own account, separate from funds held in accounts on behalf of venues, teams and promoters, net of the effects of any debt payments (including amounts due to USA and its affiliates).

In connection with Ticketmaster's regular, ongoing internal budget review process, Ticketmaster provides updated preliminary projections to USA from time to time. Prior to signing the merger agreement, USA was provided with an updated preliminary forecast for the remainder of 2002, an updated preliminary "first look" budget for 2003, and updated preliminary consolidated summary financial projections through 2004. The updated preliminary information provided to USA by Ticketmaster, none of which reflect the proposed merger, is summarized in the table below.

### *Ticketmaster Updated Preliminary Information*

	2002	2003	2004
(In millions, except per share data)			
<b>Ticketing</b>			
Revenue	\$ 626.8	\$ 675.9	\$ 740.0
EBITDA	132.5	150.0	185.5
<b>Personals</b>			
Revenue	125.8	185.5	243.5
EBITDA	35.9	50.0	72.6
<b>City guide</b>			
Revenue	30.8	41.9	57.0
EBITDA	(23.9)	(7.5)	4.1
<b>Corporate and other</b>			
Revenue			
EBITDA	(12.3)	(13.0)	(13.5)
<b>Ticketmaster</b>			
Revenue	\$ 783.3	\$ 903.3	\$ 1,040.5
EBITDA <sup>(1)</sup>	132.1	179.5	248.7
Operating Income <sup>(1)</sup>	17.3	65.1	146.3
Net Income <sup>(1)</sup>	6.9	21.4	75.9
<hr style="border: 1px solid black;"/>			
Free Cash Flow <sup>(1)</sup>	105.3	122.5	139.7
Cash Income <sup>(1)</sup>	78.3	84.9	n/a
Cash EPS <sup>(1)</sup>	\$ 0.55	\$ 0.59	n/a
Free Cash Balance (end) <sup>(1)</sup>	177.5	300.0	439.7

- (1) See notes to the table on page 45.

## RELATIONSHIPS WITH TICKETMASTER

### Relationships with Ticketmaster, its Directors, Officers and Controlled Affiliates

You should be aware of various existing agreements and ongoing and prior arrangements and transactions between USA and its affiliates, on the one hand, and Ticketmaster and its affiliates, on the other hand, as described below. This description is qualified in its entirety by reference to the specific provisions of the documents described below that have been filed with the SEC, which provisions we incorporate by reference into this information statement/prospectus. Copies of those documents have been filed with the SEC. You should also review "Interests of Certain Persons in the Merger" for a description of the interests that directors and executive officers of Ticketmaster (some of whom are executive officers and/or directors of USA) may have in the merger that may be different from, or in addition to, your interests.

#### *USA's Relationships with Ticketmaster*

From time to time, Ticketmaster considers entering into transactions with companies and businesses in each of its three principal areas of operations: ticketing, local information and personals, as well as in related areas. These transactions range in possibility from ordinary course commercial arrangements to significant business combinations, including by acquisition, merger, consolidation, joint venture or otherwise. During the prior two years, for instance, Ticketmaster has explored dozens of potential alternative business combination transactions that have not resulted in definitive arrangements, ranging in value from a few million dollars to several hundred million dollars. Ticketmaster will frequently consult with USA regarding these contemplated transactions by Ticketmaster, whether or not such transactions would require the approval of Ticketmaster's board of directors. Similarly, USA consults with Ticketmaster from time to time regarding potential opportunities that are presented to USA that USA believes Ticketmaster may have interest in pursuing. A number of the transactions that have been contemplated by Ticketmaster during the prior two years have also involved participation by or support from USA in the form of promotional support, use of USA common stock as consideration, loans to Ticketmaster in the case of an acquisition and/or combinations of the foregoing.

While most of the transactions explored by Ticketmaster and its subsidiaries have not resulted in definitive arrangements, both within and outside the ordinary course of business, Ticketmaster and its affiliates, other than USA and its controlled affiliates, on the one hand, and USA and its affiliates, other than Ticketmaster and its controlled affiliates, on the other hand, have engaged in various transactions during the prior two years, as described below. USA and Ticketmaster expect that these transactions are on terms that are at least as favorable to Ticketmaster as those that could have been obtained from a third party, where applicable.

#### *The Ticketmaster Combination*

In November 2000, Ticketmaster Online-Citysearch, Inc., the predecessor to Ticketmaster, entered into a contribution agreement with USA that provided for the acquisition by Ticketmaster of the businesses of Ticketmaster Group and its subsidiaries from USA in exchange for 52 million new shares of Ticketmaster common stock. We refer to this transaction in this document as the Ticketmaster combination. Upon the closing of the Ticketmaster combination, Ticketmaster changed its name from Ticketmaster Online-Citysearch, Inc. to Ticketmaster. The Ticketmaster combination was effected in the two steps described below, both of which occurred at the closing on January 31, 2001:

In the first step, Ticketmaster Corporation contributed to Ticketmaster all of the equity interests of its subsidiaries (except for shares of Ticketmaster common stock that it holds), and its assets that were freely assignable. The shares of Ticketmaster common stock that were held by Ticketmaster Corporation prior to the closing were not contributed to Ticketmaster or canceled.

and are still held by Ticketmaster Corporation. In exchange for the contributions by Ticketmaster Corporation, Ticketmaster issued to Ticketmaster Corporation a number of shares of Ticketmaster common stock equal to the fair market value of the equity interests and assets contributed by Ticketmaster Corporation to Ticketmaster.

In the second step, USA, which was the sole stockholder of Ticketmaster Group, which was in turn the sole stockholder of Ticketmaster Corporation, contributed to Ticketmaster all of the outstanding capital stock of Ticketmaster Group. In exchange for the capital stock of Ticketmaster Group, Ticketmaster issued to USA 52 million new shares of Ticketmaster

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common stock. In addition, Ticketmaster issued to USA a number of shares of Ticketmaster Class A common stock and Ticketmaster Class B common stock equal to the number of such shares indirectly held by USA through Ticketmaster Corporation prior to the Ticketmaster combination.

As a result of the Ticketmaster combination, Ticketmaster Group and the former subsidiaries of Ticketmaster Corporation whose equity interests were contributed to Ticketmaster became direct subsidiaries of Ticketmaster, and Ticketmaster Corporation became an indirect subsidiary of Ticketmaster. As a result of the Ticketmaster combination, USA owned an additional 52 million shares of Ticketmaster common stock. The other shares issued to USA in connection with the Ticketmaster combination only replaced shares that were indirectly owned by USA prior to the Ticketmaster combination and that a subsidiary of Ticketmaster now owns as a result of the Ticketmaster combination. Accordingly, these other shares did not increase USA's percentage ownership of Ticketmaster's capital stock.

### *License Agreement with Ticketmaster Corporation*

In 2001, Ticketmaster paid approximately \$6.9 million in license fees to Ticketmaster Corporation pursuant to a license agreement under which Ticketmaster sold tickets available through Ticketmaster Corporation on Ticketmaster's ticketmaster.com website. In 2000, Ticketmaster paid approximately \$31.2 million in license fees to Ticketmaster Corporation pursuant to the license agreement. The license agreement was terminated upon the consummation of the Ticketmaster combination.

### *Promotional Arrangements between USA and Ticketmaster*

USA has arrangements in place with Ticketmaster, under which USA has provided advertising to Ticketmaster on USA's formerly owned television properties, Sci-Fi Channel and USA Network. On May 7, 2002, USA contributed those assets, together with all of its other entertainment assets, to VUE as part of the VUE transaction. Pursuant to such arrangements, during 2001, Ticketmaster received a total of \$21.3 million from USA in the form of advertising, for which no consideration was paid. Of the \$21.3 million, \$9.7 million was provided to satisfy an obligation of Ticketmaster to a third party business partner and \$11.6 million was provided to Ticketmaster and recorded as sales and marketing expense. The advertising provided by USA was reflected as a reduction of the \$16.0 million receivable of promotional services due from the sale of TMC Realty by Ticketmaster to USA and as an equity contribution of \$5.3 million. During the years ended December 31, 2000 and 1999, Ticketmaster received additional equity investments of \$7.3 million and \$0.2 million, respectively, from USA in the form of advertising, for which no consideration was paid. During the nine months ended September 30, 2002, Ticketmaster received a total of an additional \$6.4 million in equity investments in the form of advertising from USA, of which \$4.7 million was provided to satisfy Ticketmaster's obligation to a third party business partner and \$1.7 million was provided to Ticketmaster. As of September 30, 2002, USA was committed to provide an additional \$7.0 million to satisfy the remaining third party obligation for no additional consideration and notwithstanding the contribution of those television properties to VUE.

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### *Ticketmaster's Line of Credit from USA*

In connection with the Ticketmaster combination, Ticketmaster entered into a revolving credit facility with USA that provided Ticketmaster with \$25 million in available credit at USA's borrowing rate through May 1, 2001, subject to certain terms and conditions. All amounts borrowed under the revolving credit facility were payable upon demand. During 2001, Ticketmaster borrowed and repaid USA \$24 million under the terms of the revolving credit facility. Ticketmaster also had outstanding an additional \$0.1 million of letters of credit with third parties which are guaranteed by USA.

### *TMC Realty*

In the contribution agreement pursuant to which the Ticketmaster combination was effected, Ticketmaster granted USA an option to acquire all of Ticketmaster's interest in TMC Realty LLC (formerly TMC Realty Co.), an entity whose primary asset is an office building located in Hollywood, California, which is used as the Los Angeles office of USA and its affiliates. USA exercised the option in 2001 and Ticketmaster completed the transfer of its interest in TMC Realty to USA in February 2001. As consideration for Ticketmaster's interest in TMC Realty, USA assumed all liabilities of TMC Realty outstanding prior to the closing of the Ticketmaster combination and agreed to provide to Ticketmaster promotional services equal in value to \$28.8 million minus the value of all TMC Realty liabilities assumed by USA.

### *Hotels.com*

Ticketmaster had an arrangement with Hotels.com, pursuant to which Ticketmaster sold hotel rooms to its Citysearch.com customers and provided certain advertising and distribution services to Hotels.com. Under the arrangement, Ticketmaster marketed Hotel.com's hotel products via the Internet in return for (a) links from Hotels.com's websites and newsletters to the Citysearch.com web site; and (b) a 5% commission on

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the gross revenues generated from rooms booked through the Citysearch.com website. This arrangement was terminated on May 30, 2002, although certain commission payments are expected to be received following such date. The commission paid by Hotels.com to Ticketmaster pursuant to this arrangement was \$0.4 million and \$0.1 million for the years ended December 31, 2001 and 2000, respectively, and \$0.4 million in 2002 through September 30, 2002.

Ticketmaster also has entered into an arrangement with Hotels.com, pursuant to which Ticketmaster provides outsourced call center services to Hotels.com. For the years ended December 31, 2001 and December 31, 2000, Ticketmaster received fees of \$1.4 million and \$0.3 million, respectively, from Hotels.com under this arrangement.

### *Expedia, Inc.*

On June 4, 2002, Expedia, Inc. and Ticketmaster announced a strategic alliance. The agreement includes the creation of Citysearch's new "Getaways Channel," a content area that enables site visitors to plan and book trips using Expedia.com's booking engine, the addition of Citysearch local content to Expedia.com, and the availability of selected Ticketmaster events when travelers shop for flights or hotels on Expedia.com. Through the alliance, Citysearch will also become a preferred provider of local content on Expedia, Inc., distributing information on attractions, restaurants, music and nightlife, sports and recreation, and shopping. For the nine months ended September 30, 2002, Ticketmaster received \$0.2 million from Expedia, Inc. for these services.

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### *Electronic Commerce Service*

In June 2000, Ticketmaster's Electronic Commerce Service operations with net assets of \$0.2 million were transferred to USA. The transfer was accounted for as an exchange of assets between entities under common control. No gain or loss was recognized upon the transfer.

### *Other Arrangements between USA and Ticketmaster*

Ticketmaster Corporation, a wholly owned subsidiary of Ticketmaster, either alone or with subsidiaries of USA, is party to a number of arrangements with USA and its other subsidiaries. These arrangements include the following:

in connection with certain of the ticketing arrangements entered into by Ticketmaster Corporation, USA has provided certain financial accommodations to third parties to facilitate those arrangements;

USA has leased certain real property from Ticketmaster Corporation at fair market rates; and

Ticketmaster Corporation was, along with other subsidiaries of USA, a guarantor under credit facilities benefiting USA. Ticketmaster Corporation's guarantees under these credit facilities were released upon the closing of the Ticketmaster combination. In addition, Ticketmaster Corporation has been provided with corporate and, from time to time, other services, from USA or one or more of its subsidiaries, none of which is material to Ticketmaster Corporation.

Each of USA's subsidiaries, including Ticketmaster, participates in USA's health and welfare benefit plans, with a portion of the costs allocated to such subsidiaries.

### *USA's Relationships with Executive Officers and Directors of Ticketmaster*

#### *USA's Representation on the Ticketmaster Board*

Five of the eleven directors of Ticketmaster at the time Ticketmaster's board approved the merger agreement Barry Diller, Victor Kaufman, Dara Khosrowshahi, Julius Genachowski and Daniel Marriott are executive officers of USA, and two of them Messrs. Diller and Kaufman are also directors of USA. In addition, Richard Barton, president and chief executive officer of Expedia, Inc., previously served as a director of Ticketmaster until August 16, 2002 and David Ellen, an officer of USA, joined the Ticketmaster board on November 4, 2002 to replace Mr. Genachowski. Please see USA's definitive proxy statement, dated April 30, 2002, which is incorporated by reference into this information statement/prospectus, for information regarding USA's arrangements with those executive officers and directors of USA.

#### *Amendment of Daniel Marriott Employment Agreement*

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In connection with Mr. Marriott's separation from Ticketmaster and his becoming an executive officer of USA, Ticketmaster and Mr. Marriott amended his employment agreement to provide that stock options and restricted stock granted by Ticketmaster to Mr. Marriott will continue to vest while he is employed by USA and, in the case of his stock options, continue to be exercisable until 90 days after his separation from USA. Mr. Marriott's obligations to not compete with Ticketmaster's businesses and to maintain the confidentiality of Ticketmaster's information were extended to one year after his separation from USA. In connection with this amendment, Ticketmaster recognized a one-time non-cash compensation expense of \$541,325 in the first quarter of 2002 which was incremental to the compensation expense it would have recognized had Mr. Marriott left Ticketmaster and not joined USA.

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### *Equity Based Compensation Provided by USA*

In the ordinary course of business, employees of USA's affiliates, including Ticketmaster, may participate in one or more of USA's equity based or other benefit plans, including Ticketmaster equity based plans assumed by USA in connection with USA's 1998 acquisition of Ticketmaster Group, Inc. In addition, in the ordinary course of business and from time to time, officers and directors of Ticketmaster and USA's other subsidiaries have been granted restricted stock awards with respect to shares of USA common stock and options to acquire shares of USA common stock.

See also "Certain Relationships and Related Party Transactions" (or similar captions) contained in the 2002 definitive proxy statements of USA, Ticketmaster, Expedia, Inc. and Hotels.com and the "Related Party Transactions" and "Business Acquisitions" (or similar captions) notes to the audited financial statements of such companies included in their respective Annual Reports for the year ended December 31, 2001 (or in the case of Expedia, the six-month period ended December 31, 2001), all of which are incorporated into this document by reference.

### **Relationships with Other Affiliates of Ticketmaster**

USA owns controlling interests in Ticketmaster, Hotels.com, Expedia, Inc. and Styleclick, Inc. As a result, each of Hotels.com, Expedia, Inc. and Styleclick, Inc., as well as other majority or wholly owned subsidiaries of USA, all of which are affiliates of USA, may also be deemed affiliates of Ticketmaster. The following information summarizes the material arrangements between USA and its affiliates or material arrangements between affiliates of USA. Except as otherwise described, none of Ticketmaster nor any of its subsidiaries is a party to any of the following arrangements.

#### *Generally*

In the ordinary course of business, USA engages in a number of commercial and administrative transactions with its affiliates, and several of USA's affiliates engage in transactions with each other. Except as otherwise described in this information statement/prospectus, we do not believe that any of those commercial or administrative transactions are material to USA. Examples of such transactions include, among other things:

In the ordinary course, USA may guarantee or post a letter of credit to secure specified obligations of its subsidiaries, including Ticketmaster and USA's other publicly held subsidiaries, including, among other things, under indebtedness for money borrowed and leases with third parties.

USA's affiliate relations group performs services for HSN related to the procurement of distribution of programming on multi-channel video systems, including contract negotiations and related services.

USA's subsidiaries may utilize Precision Response Corporation's, or PRC, call centers and/or HSN's fulfillment services from time to time.

USA coordinates health benefits and insurance on a company wide basis, including USA's publicly held subsidiaries (other than Expedia, Inc.). Each subsidiary and division is charged an expense allocation in connection with such services. USA also coordinates cash management services for its wholly owned subsidiaries.

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It is expected that Interval International, which was acquired by USA on September 24, 2002, will coordinate with USA's other subsidiaries, including USA's publicly held subsidiaries.

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### *Hotels.com*

During 2001, USA contributed \$0.5 million of television advertising on its cable channels to Hotels.com for which Hotels.com paid no consideration. Additionally, during the first quarter of 2002, USA contributed \$0.9 million of television advertising on its cable channels for which Hotels.com paid no consideration.

In March 2002, Hotels.com entered into an arrangement with PRC, a subsidiary of USA, for outsourced call center services. Fees paid by Hotels.com to PRC during the nine months ended September 30, 2002 were \$1.2 million.

### *Expedia, Inc.*

On February 4, 2002, USA completed its acquisition of a controlling interest in Expedia, Inc. through a merger transaction. Immediately following the merger, USA owned all of the outstanding shares of Expedia, Inc.'s high-vote stock, representing approximately 64.2% of its outstanding shares, and 94.9% of the voting interest in Expedia, Inc. On February 20, 2002, USA acquired an additional 936,815 shares of Expedia, Inc.'s low-vote stock, increasing its ownership to approximately 65% of Expedia, Inc.'s outstanding shares, with USA's voting percentages remaining unchanged.

In connection with the Expedia transaction, USA granted to Expedia, Inc. the right to advertising, marketing and promotion time, valued at \$15 million for each of the five years after consummation of the merger, on the various media outlets related to USA. In addition, Expedia, Inc. received a two-year option to purchase a one-third interest in a new television channel to be developed by USA. The exercise price of the option will equal one-third of USA's cost, plus interest, up to the date of exercise.

Hotels.com and Expedia, Inc., both of which companies are controlled by USA, have previously announced that they would explore areas where the two companies might work together in ways that would benefit each of their respective customers and stockholders. Although there continue to be many areas of the companies' respective businesses where Hotels.com and Expedia, Inc. have decided that they can best achieve their goals through separate strategies and practices, there have been instances where, fully consistent with each company's existing contractual agreements, Hotels.com and Expedia, Inc. have worked cooperatively with each other, and each of Hotels.com and Expedia, Inc. anticipates that they will continue to explore such possibilities in the future.

### *Styleclick*

On July 27, 2000, USA and Styleclick.com Inc., an enabler of e-commerce for manufacturers and retailers, completed the merger of Internet Shopping Network, a subsidiary of USA, and Styleclick.com. The entities were merged with a new company, Styleclick, Inc., which owns and operates the combined properties of Styleclick.com and ISN. Styleclick, Inc. is traded on the OTC under the symbol "IBUYA." In accordance with the terms of the merger agreement, USA invested \$40 million in cash and agreed to contribute \$10 million in dedicated media, and received warrants to purchase additional shares of the new company. At closing, Styleclick.com repaid \$10 million of borrowings outstanding under a bridge loan provided by USA. The aggregate purchase price, including transaction costs, was \$211.9 million. As of September 30, 2002, Styleclick owed approximately \$12.35 million to USA under an outstanding \$15 million line of credit.

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## INTERESTS OF CERTAIN PERSONS IN THE MERGER

You should be aware that, as described below, some of the executive officers and directors of Ticketmaster, including those who are also executive officers and/or directors of USA, may have interests in the merger that may be different from, or in addition to, the interests of the other stockholders of Ticketmaster generally. The Ticketmaster board of directors and its special committee, and the executive committee of the USA board of directors, were 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 September 15, 2002, executive officers and directors of Ticketmaster beneficially owned approximately 1.49% of the outstanding shares of Ticketmaster common stock (excluding the shares of Ticketmaster common stock held by USA that Mr. Diller may be deemed to beneficially own), collectively representing less than one percent of

the total voting power of shares of Ticketmaster common stock outstanding on that date. At the close of business on September 15, 2002, executive officers and directors of USA beneficially owned less than 1% of the outstanding shares of Ticketmaster common stock (excluding the Ticketmaster shares held by USA that Mr. Diller may be deemed beneficially to own), collectively representing less than one percent of the total voting power of Ticketmaster shares outstanding on that date. As USA has delivered a written consent approving the merger, the vote of the directors and executive officers of Ticketmaster and USA in their capacities as stockholders of Ticketmaster is not required to approve the merger.

#### **Treatment of Employee and Director Stock Options and Restricted Stock**

Pursuant to the merger agreement and the terms of Ticketmaster's various stock plans, at the effective time of the merger, each Ticketmaster stock option outstanding and unexercised at the effective time of the merger will cease to represent an option to purchase Ticketmaster common stock and will be converted into an option to acquire a number of shares of USA common stock equal to the number of shares of Ticketmaster common stock subject to the option immediately prior to the effective time of the merger multiplied by 0.935, the exchange ratio in the merger, rounded to the nearest whole number of shares of USA common stock. The per share exercise price for the converted option will be the per share exercise price for the corresponding Ticketmaster stock option immediately prior to the effective time divided by the exchange ratio. The converted stock options will otherwise continue to be governed by the same terms and conditions as immediately prior to the completion of the merger.

Assuming that the executive officers and directors of Ticketmaster exercise no Ticketmaster options from the date of this information statement/prospectus through the effective time of the merger and no Ticketmaster option grants are made following the date of this information statement/prospectus, the number of Ticketmaster options that would convert into options to purchase shares of USA common stock at the effective time of the merger for each of the Ticketmaster directors who hold options and who are not employees of USA or Ticketmaster and each of the named executive officers of Ticketmaster who remain employed with Ticketmaster would be: 55,000 for Mr. Alan Spoon, 45,000 for Mr. Robert Davis, 55,000 for Mr. Bryan Lourd, 45,000 for Mr. Michael Schrage, 357,250 for Mr. Terry Barnes, 1,047,025 for Mr. John Pleasants (including options to acquire 75,000 restricted shares of Ticketmaster common stock), 590,000 for Mr. Thomas McInerney (including options to acquire 5,000 restricted shares of Ticketmaster common stock), and 187,126 for Mr. Brad Serwin. The number of options that would convert into options to purchase shares of USA common stock at the effective time of the merger held by the executive officers and directors of Ticketmaster (other than the directors and executive officers referred to above) would be approximately 1,230,523 (including options to acquire 25,000 restricted shares of Ticketmaster common stock) in the aggregate.

Assuming that the executive officers and directors of Ticketmaster exercise no Ticketmaster options from the date of this information statement/prospectus through the effective time of the merger

and no Ticketmaster options to purchase restricted shares of Ticketmaster common stock are granted following the date of this information statement/prospectus, the number of Ticketmaster options to purchase restricted shares of Ticketmaster common stock that would convert into options to purchase restricted shares of USA common stock at the effective time of the merger for each of Messrs. John Pleasants, Daniel Marriott and Thomas McInerney would be 75,000, 20,000 and 5,000, respectively. None of the other Ticketmaster directors or named executive officers hold any Ticketmaster options to purchase restricted shares of Ticketmaster common stock that would convert into options to purchase restricted shares of USA common stock at the effective time of the merger.

Assuming that Mr. Marriott exercises no Ticketmaster options from the date of this information statement/prospectus through the effective time of the merger and no Ticketmaster option grants are made following the date of this information statement/prospectus, Mr. Marriott may be deemed to beneficially own 800,523 Ticketmaster options (including options to acquire 20,000 restricted shares of Ticketmaster common stock) that would convert into options to purchase shares of USA common stock at the effective time of the merger. No other executive officer or director of USA holds any Ticketmaster options that would convert into options to purchase shares of USA common stock at the effective time of the merger.

Options to acquire shares of USA common stock will not be affected by the merger, and will remain outstanding following completion of the merger. As of September 15, 2002, Messrs. Terry Barnes, John Pleasants, Thomas McInerney and Brad Serwin held options to acquire 245,000, 315,000, 85,000 and 25,000 shares of USA common stock, respectively, of which options to acquire 80,000, 107,500, 7,500, and no shares of USA common stock, respectively, were exercisable within 60 days of September 15, 2002. In addition, as of September 15, 2002, Messrs. Terry Barnes and Brad Serwin held 33,000 and 1,000 restricted shares of USA common stock subject to vesting.

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Other than as described above, or under "Beneficial Ownership of Shares of USA and Ticketmaster," no Ticketmaster director or executive officer beneficially owned any USA shares or Ticketmaster shares as of September 15, 2002. Other than as set forth above, or under "Beneficial Ownership of Shares of USA and Ticketmaster," no USA director or executive officer beneficially owned any USA shares or Ticketmaster shares as of September 15, 2002.

### Composition of Ticketmaster's and USA's Boards of Directors

Five of the eleven directors of Ticketmaster at the time Ticketmaster's board approved the merger agreement Barry Diller, Victor Kaufman, Dara Khosrowshahi, Julius Genachowski and Daniel Marriott are executive officers of USA, and two of them Messrs. Diller and Kaufman are also directors of USA. On November 4, 2002, David Ellen, an officer of USA, joined the Ticketmaster board to replace Mr. Genachowski. Two other directors of Ticketmaster Terry Barnes and John Pleasants are current executive officers of Ticketmaster. Upon completion of the merger, the directors of T Merger Corp. will become the directors of Ticketmaster. USA also may approach certain of the non-USA directors of Ticketmaster to serve on the boards of directors of USA and/or its other subsidiaries.

### Employment Arrangements

On September 11, 2002, at a regularly scheduled meeting of the compensation committee of the USA board of directors, the compensation committee approved certain arrangements with Sean Moriarity, Executive Vice President Products & Technology of Ticketmaster, Paul LaFontaine, Executive Vice President Emerging Markets of Ticketmaster, Thomas McInerney, Executive Vice President and Chief Financial Officer of Ticketmaster, and Jeff Goldstein, Vice President Corporate Strategy and Development of Ticketmaster.

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Following such approval, and approval by the compensation committee of Ticketmaster's board of directors, Ticketmaster entered into formal agreements with each of Messrs. Moriarity, LaFontaine, McInerney and Goldstein. Mr. McInerney's agreement was superseded by a subsequent agreement with USA, which is described below. Under the terms of the agreements, in the event that the executive's responsibilities are materially diminished from those in effect on May 31, 2002 (or in the case of Mr. Goldstein only, the executive is reassigned to a single business unit or is relocated at least 100 miles from his current place of employment, or, in the case of Mr. McInerney only, Ticketmaster ceases to be a publicly traded entity, which will occur upon consummation of the merger), the executive will discuss with Ticketmaster whether the executive will continue to be employed by Ticketmaster and, if so, in what capacity, but neither party will be obligated to continue the employment relationship. If no continuing role is agreed upon (within 60 days after the material diminution in the case of Mr. LaFontaine only), the executive's employment would terminate on the earlier of June 1, 2003 or three months following the material diminution (or other triggering event) or such shorter period as Ticketmaster or USA shall determine, except in the case of Mr. McInerney whose employment would terminate on June 1, 2003. In the event of a termination of employment pursuant to the preceding sentence, the executive will be entitled to:

a lump sum cash severance payment equal to six months of base salary,

if not already paid, a pro-rata bonus for years 2002 and/or 2003 through the date of termination, and

an amendment of the executive's options, restricted stock and/or other stock-based compensation awards granted by Ticketmaster and USA on or before May 31, 2002 so that the vesting of such awards will continue for an additional 12 months, in the case of Messrs. LaFontaine and Goldstein, and 18 months, in the case of Messrs. Moriarity and McInerney, after the termination of the executive's employment, and the executive will be entitled to exercise such awards for the normal periods after the end of such extended vesting period.

On December 16, 2002, USA entered into a three-year employment agreement with John Pleasants, which will become effective as of the closing of the merger. Under the agreement, Mr. Pleasants will serve as President, Information and Services, and will initially be responsible for Ticketmaster, Match.com, Citysearch, PRC and, upon the close of the transaction, Entertainment Publications, Inc.

During the employment term, Mr. Pleasants will receive an annual base salary of \$600,000 and will be eligible to receive discretionary annual bonuses. On the later of the effective date of the agreement or the date on which the grant is approved by the compensation committee, Mr. Pleasants will receive a grant of 75,000 shares of restricted stock of USA. Such shares will vest on the third anniversary of the date of grant,

subject to Mr. Pleasants' continued employment with USA and the attainment of certain specified performance criteria. In addition, USA will reimburse Mr. Pleasants for certain relocation expenses.

Upon a termination of Mr. Pleasants' employment by USA other than for "cause," death or disability, USA will continue to pay Mr. Pleasants his salary for the remainder of the term, as well as pay any earned, but unpaid, base salary and any deferred compensation balance. Generally, upon a termination of Mr. Pleasants' employment by USA other than for "cause," all of Mr. Pleasants' restricted stock will vest. Upon Mr. Pleasants' resignation by reason of certain changes in his reporting responsibilities, Mr. Pleasants will be entitled to vest in a pro rata portion of the restricted stock grant through the date of termination plus an additional 20% of such pro rata portion (but in no event will the aggregate grant of restricted shares exceed 75,000) and the remainder of the restricted stock grant will be forfeited.

On December 16, 2002, USA entered into an employment agreement with Tom McInerney, which supersedes the agreement between Mr. McInerney and Ticketmaster described above. The agreement

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will become effective as of the closing the merger and will continue until terminated by the parties. Under the agreement, Mr. McInerney will serve as President, Electronic Retailing, and will initially be responsible for HSN and the related TV, Web and catalog business.

During the employment term, Mr. McInerney will receive an annual base salary of \$450,000 and will be eligible to receive discretionary annual bonuses. On the later of the effective date of the agreement or the date on which the grant is approved by the compensation committee, Mr. McInerney will receive a grant of 50,000 shares of restricted stock of USA. Such shares will vest on the third anniversary of the date of grant, subject to Mr. McInerney's continued employment with USA and the attainment of certain specified performance criteria. In addition, USA will reimburse Mr. McInerney for certain travel expenses, including certain relocation and commuting and living expenses.

Upon Mr. McInerney's resignation for any reason after June 30, 2003, (1) USA will pay any earned, but unpaid, base salary and will pay Mr. McInerney his deferred compensation balance, (2) any restricted stock or stock options granted to Mr. McInerney on or before May 31, 2002 by USA or Ticketmaster and/or Ticketmaster Online-Citysearch, Inc. will continue to vest and generally be exercisable until the date that is 18 months after the date of termination, (3) Mr. McInerney will receive a bonus for fiscal 2002 (to the extent not already paid) and (4) Mr. McInerney will be eligible to receive a discretionary pro-rata annual bonus for the year in which such resignation occurs. Upon a termination of Mr. McInerney's employment by USA other than for "cause," death or disability or in the event of Mr. McInerney's resignation for "good reason," the restricted stock granted under the agreement will vest in full and Mr. McInerney will be entitled to all of the rights specified in the preceding sentence, except that instead of being eligible for a pro rata bonus as described in clause (4) above, he will be entitled to receive such a pro-rata bonus.

#### **Compensation of Members of the Special Committee**

Each of Messrs. Davis, Lourd, Schrage and Spoon has been compensated for serving as a member of the special committee. This compensation was authorized by the Ticketmaster board of directors in order to compensate the members of the special committee for the significant additional time commitment that was required of them in connection with fulfilling their duties and responsibilities as members of the special committee and was paid without regard to whether the special committee recommended a transaction with USA or whether a transaction with USA is completed. Each of Messrs. Davis, Lourd and Schrage received or will receive \$10,000 per month of active service on the special committee up to a maximum of \$100,000 per director, and Mr. Spoon, as Chairman of the special committee, received or will receive \$15,000 per month of active service on the special committee up to a maximum of \$150,000.

On November 4, 2002, the Ticketmaster board of directors passed a resolution providing that, effective upon the separation of the non-employee directors from the Ticketmaster board as a result of the consummation of the merger, all outstanding, but unvested, options to purchase Ticketmaster common stock held by each such director as of immediately prior to the effective time of the merger will become fully vested and immediately exercisable by the respective directors, and the post-termination exercise period for such options will be extended from the three-month period following separation set forth in the plans under which the options were issued, to the second anniversary of the completion of the merger, or if earlier, the expiration of the term of the option. All other provisions of such options will remain in effect as set forth in the plans under which the options were issued, subject to the treatment of such options in the merger as described under "The Merger Agreement Treatment of Securities in the Merger Ticketmaster Stock Options and Restricted Stock Awards."

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### **Other Employment Matters**

Under the merger agreement, USA has agreed to cause Ticketmaster, from and after the merger, to fulfill all written employment, severance, termination, consulting and retirement agreements to which Ticketmaster or any of its subsidiaries is a party, pursuant to the terms of those agreements and applicable law.

### **Indemnification and Insurance**

The merger agreement includes provisions relating to indemnification and insurance for directors, officers and employees of Ticketmaster. See "The Merger Agreement Covenants Indemnification; Insurance."

Ticketmaster has entered into separate indemnification agreements with those of its directors who are not employees or officers of Ticketmaster and/or directors or officers of USA. These agreements require Ticketmaster, among other things, to indemnify these directors against certain liabilities that arise by reason of their status or service as directors in connection with any proceeding whether actual or threatened, to which any such person may be made a party by reason of the fact that such person is or was a director of Ticketmaster, provided such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of Ticketmaster and, with respect to any criminal proceeding, has no reasonable cause to believe such person's conduct was unlawful, and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified. The indemnification agreements also set forth certain procedures that will apply in the event of a claim for indemnification.

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## **THE MERGER AGREEMENT**

This section of the information statement/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 is attached as *Appendix A* to this information statement/prospectus and is incorporated herein by reference. We urge Ticketmaster stockholders to read the merger agreement carefully in its entirety.

### **General Terms of the Merger Agreement**

On October 9, 2002, USA, Ticketmaster and T Merger Corp. 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 with the Secretary of State of the State of Delaware in accordance with the DGCL. We refer to the effective time of the merger in this document as the effective time.

At the effective time, T Merger Corp. will be merged with and into Ticketmaster, with Ticketmaster surviving as a wholly owned subsidiary of USA. We sometimes refer to Ticketmaster following the completion of the merger as the surviving corporation. At the effective time, the separate existence of T Merger Corp. will cease. At the effective time, the certificate of incorporation of the surviving corporation will be amended and restated in its entirety in accordance with a form agreed to between USA and Ticketmaster, and the by-laws of T Merger Corp. will become the by-laws of Ticketmaster. Also at the effective time, the directors of T Merger Corp. will become the initial directors of the surviving corporation and the officers of Ticketmaster will continue as the officers of the surviving corporation.

### **Treatment of Securities in the Merger**

#### ***Ticketmaster Shares***

At the effective time, each share of Ticketmaster common stock issued and outstanding immediately prior to the effective time (other than shares held by Ticketmaster, USA or any wholly owned subsidiary of USA, and shares of Ticketmaster Class A common stock held by

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Ticketmaster stockholders who properly demand dissenters' rights in accordance with Section 262 of the DGCL), will, subject to anti-dilution adjustment of the exchange ratio, be automatically converted into the right to receive 0.935 of a fully paid and nonassessable share of USA common stock. At the effective time, shares of Ticketmaster Class A common stock and Ticketmaster Class B 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 such shares will thereafter represent only the right to receive the shares of USA common stock to be issued as consideration upon the surrender of those certificates, without interest, except that shares of Ticketmaster Class A common stock and Ticketmaster Class B common stock held by Ticketmaster, USA and any wholly owned subsidiary of USA will be canceled and retired, and will cease to exist, without any payment. No fractional shares of USA common stock will be issued; instead, a cash payment will be made to the holders of shares of Ticketmaster common stock who would otherwise be entitled to receive a fractional share of USA common stock. See " Cash Instead of Fractional Shares."

If, between the date of the merger agreement and the effective time, the outstanding shares of USA common stock are changed into a different number of shares or a different class by reason of any reclassification, recapitalization, reorganization, split-up, stock dividend (including any dividend or distribution of securities convertible into, or exercisable or exchangeable for, USA common stock), stock combination, exchange of shares, readjustment or otherwise, as the case may be, then the exchange ratio will be correspondingly adjusted.

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At the effective time, each outstanding share of common stock, par value \$0.01 per share, of T Merger Corp., or T Merger Corp. common stock, will be automatically converted into a number of validly issued, fully paid and nonassessable shares of Class B common stock, par value \$0.01 per share, of the surviving corporation, or Surviving Corporation Class B common stock. Because USA is the sole holder of all shares of T Merger Corp. common stock, USA will be the sole holder of all outstanding shares of Surviving Corporation Class B common stock. Shares of Surviving Corporation Class B common stock will generally entitle their holder to 15 votes for each such share on all matters submitted for the vote or consent of surviving corporation stockholders, and will vote together with shares of Surviving Corporation common stock (as described below).

On the date that the merger agreement was executed, Ticketmaster Corporation, an indirect wholly owned subsidiary of Ticketmaster, held 50,260,401 shares of Ticketmaster Class B common stock and 42,480,143 shares of Ticketmaster Class A common stock. Prior to the effective time, Ticketmaster will file a certificate of designations with the Secretary of State of the State of Delaware to designate the powers, preferences, rights and qualifications, limitations and restrictions of the preferred stock, par value \$0.01 per share, of Ticketmaster, or Ticketmaster preferred stock. Following the filing of the certificate of designations, each share of Ticketmaster preferred stock will have voting, dividend and liquidation rights equivalent to 92,740,544 shares of Ticketmaster common stock, except that shares of Ticketmaster preferred stock will have a liquidation preference equal to \$0.01 per share. Immediately prior to the effective time, Ticketmaster will cause all of the Ticketmaster shares held by Ticketmaster Corporation to be exchanged for one share of Ticketmaster preferred stock, which will be the only share of Ticketmaster preferred stock outstanding at such time. At the effective time, this share of Ticketmaster preferred stock will be automatically converted into 92,740,544 validly issued, fully paid and nonassessable shares of common stock, par value \$0.01 per share, of the surviving corporation, or Surviving Corporation common stock. Surviving Corporation common stock will be entitled to one vote per share on all matters submitted for the vote or consent of surviving corporation stockholders, and will vote together with shares of Surviving Corporation Class B common stock.

### *Ticketmaster Stock Options and Restricted Stock Awards*

At the effective time, each outstanding unexpired and unexercised option to purchase shares of Ticketmaster common stock will be automatically converted at the effective time into an option to purchase shares of USA common stock, in a number determined by multiplying the number of Ticketmaster shares that could have been purchased under the Ticketmaster option immediately prior to the effective time by 0.935, the exchange ratio, rounded to the nearest whole number of shares of USA common stock. The exercise price per share of these options will equal the per-share exercise price of the corresponding Ticketmaster option divided by the exchange ratio. The converted USA options will be subject to the same terms and conditions as the corresponding Ticketmaster options.

At the effective time, USA will assume Ticketmaster's obligations with respect to each award of Ticketmaster common stock that is subject to restrictions on vesting or transfer or subject to a repurchase right that is outstanding immediately prior to the effective time. The restricted stock awards so assumed will continue to have, and be subject to, the same terms and conditions as provided in the applicable Ticketmaster stock plan and agreements under which the restricted stock award was granted as in effect immediately prior to the effective time. In accordance with the applicable plans and agreements, the assumed restricted stock awards will be converted into a number of shares of USA common stock equal to the number of Ticketmaster shares subject to the restricted stock award immediately prior to the effective time multiplied by the exchange ratio, rounded to the nearest whole number of shares of USA common stock.

USA has agreed to file a registration statement on Form S-8 or another appropriate registration statement covering the shares of USA common stock underlying the assumed options and assumed

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restricted stock awards at or prior to the effective time and to keep that registration statement current and effective for so long as the assumed options and restricted stock awards remain outstanding.

#### ***Ticketmaster Warrants***

To the extent expressly required by the terms of any warrant to acquire shares of Ticketmaster common stock, at the effective time, USA will assume Ticketmaster's obligations with respect to each such Ticketmaster warrant outstanding and unexercised immediately prior to the effective time. The Ticketmaster warrants so assumed will continue to have, and be subject to, the same terms and conditions as set forth in the applicable warrant agreements as in effect immediately prior to the effective time, except that (in accordance with, and without duplication of, the provisions set forth in the applicable warrant agreement) (a) each such Ticketmaster warrant will be exercisable solely for a number of shares of USA common stock equal to the product of the number of shares of Ticketmaster common stock subject to such Ticketmaster warrant immediately prior to the effective time multiplied by the exchange ratio of 0.935, rounded to the nearest whole number of shares of USA common stock, and (b) the exercise price with respect to each such Ticketmaster warrant will be appropriately adjusted.

#### **Exchange of Certificates**

##### ***Exchange Agent***

USA has appointed The Bank of New York to be the exchange agent under the merger agreement. The exchange agent will accept your certificates for shares of Ticketmaster Class A common stock and/or Ticketmaster Class B common stock, each a Ticketmaster certificate, and exchange them for certificates representing shares of USA common stock and cash instead of fractional shares of USA common stock.

##### ***Exchange Procedures***

Prior to the effective time, USA will deposit with the exchange agent, for the benefit of the holders of shares of Ticketmaster common stock, certificates representing the shares of USA common stock issuable in the merger.

As soon as practicable after the effective time (but in any event within ten business days after the effective time), the exchange agent will mail to each holder of record of a Ticketmaster certificate, a letter of transmittal and instructions for exchanging their Ticketmaster certificates for the merger consideration. After receipt of the transmittal forms, each holder of a Ticketmaster certificate will be able to surrender his or her Ticketmaster certificate to the exchange agent, and the holder of a Ticketmaster certificate will receive in exchange certificates representing that number of whole shares of USA common stock to which the holder of the Ticketmaster certificate is entitled, together with any cash which may be payable instead of fractional shares of USA common stock and any dividends or other distributions with