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HOTELS COM  
Form 425  
April 30, 2003

Filed by USA Interactive  
Pursuant to Rule 425 Under the Securities Act of 1933  
Subject Company: Hotels.com  
Commission File No.: 000-29575

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[USA INTERACTIVE LOGO]

*Prepared 4/30/03 - Read important disclaimer(s)*

[USA INTERACTIVE LOGO]

History

[CHART]

*Reflects transactions as of dates of announcement.*

Inflection #1: Primitive Interactivity

[CHART]

*Reflects transactions as of dates of announcement.*

Inflection #2: Traditional Media

[CHART]

*Reflects transactions as of dates of announcement.*

The Shift Towards Transactions

REVENUE THROUGH THE SCREEN

1995

[CHART]

2000

[CHART]

2005

[CHART]

<b>Transactions:</b>	\$	<b>5 Billion</b>	\$	<b>64 Billion</b>	\$	<b>200 Billion</b>
Total:	\$	47 Billion	\$	146 Billion	\$	316 Billion

*Revenues through the screen represent consumer related interactive transactions through television and the personal computer compiled as of 1/29/02. Includes financial services and online classifieds Compiled estimates per MSDW, Jupiter, Shop.org, McCann Erickson, Zenith Media, Paul Kagan, Prudential, Furman Selz, PaineWebber, SSB, and Forrester.*

Inflection #3: Expedia; Exit Media

[CHART]

*Reflects transactions as of dates of announcement.*

*Nearly Doubled our Bet on Expedia*

Pre-VUE(a)  
800 mm shares × \$21  
= \$17 Billion

[CHART]

Post-VUE(a)  
420 mm shares × \$21  
= \$9 Billion

[CHART]

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(a) Based on average closing price of 2-month trading period prior to Vivendi transaction announcement date of 12/17/01.

*Value split between interactive and media for 2000 based on operating EBITDA contribution from interactive vs. media assets. All share counts and prices are approximated.*

Inflection #4: Simplification

[CHART]

*Reflects transactions as of dates of announcement.*



*Quadrupled our Bet on Expedia*

Pre-VUE(a)  
800 mm shares × \$21  
= \$17 Billion

[CHART]

Post-VUE(a)  
420 mm shares × \$21  
= \$9 Billion

[CHART]

Today(b)  
700 mm shares × \$29  
= \$20 Billion

[CHART]

---

(a) Based on average closing price of 2-month trading period prior to Vivendi transaction announcement date of 12/17/01.

(b) Pro Forma for pending Expedia and Hotels.com mergers.

*Value split between interactive and media for 2000 based on operating EBITDA contribution from interactive vs. media assets. All share counts and prices are approximated.*

*Quintupled our Bet on Travel*

Pre-VUE(a)  
800 mm shares × \$21  
= \$17 Billion

[CHART]

Post-VUE(a)  
420 mm shares × \$21  
= \$9 Billion

[CHART]

Today(b)  
700 mm shares × \$29  
= \$20 Billion

[CHART]

---

(a) Based on average closing price of 2-month trading period prior to Vivendi transaction announcement date of 12/17/01.

(b) Pro Forma for pending Expedia and Hotels.com mergers.

*Value split between interactive and media for 2000 based on operating EBITDA contribution from interactive vs. media assets. All share counts and prices are approximated.*

Scorecard

Pre-VUE

2000:

Shares O/S		800million
Stock Price	\$	21.00
Market Cap	\$	17billion
Net Cash & Equiv.	\$	(56)million
Revenue	\$	4.6billion
Free Cash Flow	\$	(39)million
EBITA (Operating)	\$	848million
CAGR 99 01		14%

Today

2003B:

Shares O/S		700million
Stock Price	\$	29.00
Market Cap	\$	20billion
Net Cash & Equiv.	\$	3.9billion
Revenue	\$	6.0billion
Free Cash Flow	\$	811million
EBITA (Total)	\$	751million
CAGR 01 03		97%

*Note: 2000 results actual.*

Strategic Priorities

[CHART]

Today: 8% of Interactive Commerce

[CHART]

*Total = \$125 billion GTV (U.S. 2002 est.)*

*Source: Forrester, CSFB and other Wall Street analyst estimates. Interactive commerce is defined as gross transactions through the TV and PC. Gross transactions for financial services is defined as revenue.*

Current Verticals

[CHART]

In ~ 50% of Categories

*Source: Forrester, CSFB and other Wall Street analyst estimates.*

Potential Verticals

[CHART]

In ~ 75% of Categories

*Source: Forrester, CSFB and other Wall Street analyst estimates.*

Today: #10 in Online Reach

COMBINED HOME / WORK UNIQUE VISITORS  
*March 2003, in millions*

[CHART]

*Data for USA is from a comScore Media Metrix unranked custom entity report defined by USA, representing combined home / work unduplicated reach for all of USA's subsidiaries, and is compared to the comScore Media Metrix Top 100 Properties list. Data for other companies is per comScore Media Metrix's Top 100 Properties report.*



How to Reach #4?

Grow existing brands

New brands

New verticals

Add traffic

Portal-like

Communities

[CHART]

*Data for USA is from a comScore Media Metrix unranked custom entity report defined by USA, representing combined home/work unduplicated reach for all of USA's subsidiaries, and is compared to the comScore Media Metrix Top 100 Properties list. Data for other companies is per comScore Media Metrix's Top 100 Properties report.*

Scale & Infrastructure

Unique online users (U.S.)	34million
Worldwide television households	175million
Active customers	25million
Customer database	90million
Inbound phone minutes	800billion
Inbound phone calls	150billion
Orders processed	110million
Items shipped	45million

*Active customers assumes 25% duplication across USA brands*

## Financial Highlights

*\$ in millions. Pro forma adjusted.*

	2001		2002		2003B	CAGR	
Gross Transactions Revenue	\$	9,033	\$	12,903	N/A	N/A	
Gross Profit		3,766		4,657	6,008	26%	
Operating Expenses (a)		1,341		1,834	2,617	40%	
Operating Income		1,431		1,684	2,268	26%	
EBITA		(90)		150	348	NM	
Adjusted EPS	\$	0.24	\$	0.45	\$	0.75	97%
						77%	

*(a) Not including one-time items of \$26 million and \$121 million in 2001 and 2002, respectively.*

*Source: USA 2003 budget released on 2/6/03.*

Strong Balance Sheet

*\$ in millions, as of December 31, 2002. Pro forma for recent and pending transactions.*

[CHART]

*As adjusted as of 12/31/02. Pro forma for EPI transaction, Liberty pre-emptive and Hotels.com share buy backs. Excludes cash due to clients at Ticketmaster.*

Putting Our Cash to Work next 12-18 months

Conservative reserve ~ \$1- \$2 billion

Organic growth

Interactive development

Acquisitions

Shrink capital structure

Shareholder Value Creation

[CHART]

Perspective vs. Tier 1 Interactive

\$ in millions

OPERATING METRICS

		2002 Gross Transaction Value		2003E Revenue		2003E Free Cash Flow		2003E EBITA		Net Cash
USA	#2 \$	12,903	#1 \$	6,008	#1 \$	811	#1\$	751	#1\$	3,944(a)
eBay		14,868		2,050		508		646		1,538
Amazon		3,933		4,655		257		256		(990)
Yahoo		N/A		1,320		327		303		774

(a) Includes VUE securities.

USA data per USA 2003 budget released on 2/6/03. eBay per Morgan Stanley research dated 4/23/03. Amazon per JP Morgan research dated 4/9/03. Yahoo per Thomas Weisel research dated 4/10/03.

Perspective vs. Tier 1 Interactive

## TRADING METRICS

	Price	2003E Adjusted EPS	P/AEPS	Growth 02-03	PEG
USA	\$ 28.00	\$ 0.75	37x	67%	0.6x
eBay	\$ 94.00	\$ 1.42	66x	65%	1.0x
Amazon	\$ 26.00	\$ 0.33	79x	94%	0.8x
Yahoo	\$ 26.00	\$ 0.55	47x	53%	0.9x

*USA data per USA 2003 budget released on 2/6/03. eBay per Morgan Stanley research dated 4/23/03. Amazon per JP Morgan research dated 4/9/03. Yahoo per Thomas Weisel research dated 4/10/03. Adjusted EPS for Yahoo represents After-Tax Cash Flow.*



Diverse Growth Areas

	<b>Long Term EBITA Goal</b>
TRAVEL	40%+
PERSONALS	40%+
LOCAL	40%+ High Growth
New Vertical #1	40%+
New Vertical #2	40%+
TICKETING	20%+ Good Growth
ELECTRONIC RETAIL	20%+

Travel Services

[PICTURE]

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EBITA Travel Services

*\$ in millions.*

[CHART]

*Source: USA 2003 budget released on February 6, 2003 and other SEC filings. Shaded areas represent Interval, which closed on 9/24/02.*

#1 in Online Travel - Gross Bookings U.S.

*\$ in millions.*

[CHART]

*Source: Company reports, Expedia estimates.*

*ROOM figure is gross sales as ROOM does not report gross bookings.*

#1 in Online Hotel Rooms

[CHART]

*Sources: Smith Travel Research, Travelclick and Thomas Weisel Partners LLC estimates.*

Electronic Retailing

[PICTURE]

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EBITA - Electronic Retailing

*\$ in millions.*

[CHART]

*Source: USA 2003 budget released on February 6, 2003 and other SEC filings.*

EBITA - Electronic Retailing

*\$ in millions.*

HSN U.S.

[CHART]

HSN International & Other

[CHART]

*Source: USA 2003 budget released on February 6, 2003 and other SEC filings.*



Gross Profit HSN U.S.

[CHART]

*Source: USA SEC filings.*

Product Mix HSN U.S.

	2001	2002	Gross Profit
Home & Licensing	38%	31%	20-30%
Home Fashions	4%	7%	30-40%
Jewelry	25%	25%	40-50%
Health / Beauty	19%	23%	40-50%
Apparel / Accessories	14%	14%	30-40%

*Source: USA SEC filings and HSN estimates.*

HSN.com Trajectory

*\$ in millions*

[CHART]

*Sources: USA estimates.*

Information & Services

[PICTURE]

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EBITA Information & Services

*\$ in millions.*

[CHART]

*Source: USA 2003 budget released on 2/6/03. Shaded area represents EPI, which closed on 3/25/03.*

Ticketmaster: A Growth Company

*\$ in millions*

Financial Growth

EBITA CAGR = 27%

Revenue CAGR = 9%

[CHART]

New Technologies

Ticket Fast  
Box Office Solutions  
Group Manager  
Account Manager  
Team Exchange  
Loyalty Manager  
Ticket Alerts  
Mail Managers  
Targeted  
Offers/Discounts/Bundles  
Dynamic Pricing  
Yield Management  
Ticket Exchange

*Source: USA filings.*

Match: Category Leader

*\$ in millions*

Financial Growth

EBITA CAGR = 93%

Revenue CAGR = 59%

[CHART]

Strong Brand

8MM users

30 Sites in 15 Languages

360% subscriber growth since 12/00

Significant marketing investment

Introducing voice and video technologies

*Source: USA filings.*

Match Subscriber Growth

*in thousands*

[CHART]

*Source: USA SEC filings.*



Local is a Huge Opportunity

[CITYSEARCH LOGO]

Impression Based

Local            \$90 Billion+

[VERIZON LOGO]   [CHICAGO TRIBUNE LOGO]

National        \$100 Billion+

[ABC LOGO]   [LOGO]

Pay for Performance

Local            ??????????

[CITYSEARCH LOGO]

National        \$1.4 Billion

[GOOGLE LOGO]   [OVERTURE LOGO]

*Source: Salomon Smith Barney 2002, The Internet Search Market and Kelsey Group Custom Research.*



Size of the Opportunity

[ENTERTAINMENT LOGO]

COUPONING \$180 BILLION = 80% of US Households Use Coupons

[CHART]

Today:

Distribution: 50,000 schools / community groups

Direct relationship with only 12% of members

\$10B total annual merchant sales

Avg. member redeems 25+ offers/year

Avg. merchant receives 2-3K/year

Electronic Discount Program Will:

Add web distribution via USA and portals

Increase registrations, renewals, subscriptions

Enable EPI to capture % of transaction

~\$300 million opportunity

*Pie chart depicts US households. Source: NCH NuWorld Marketing and AVISO Inc.; Ticketmaster internal estimates.*

EPI & Citysearch

[PICTURE]

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EPI & Expedia

[PICTURE]

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Why we've Grown

Opportunism

Conservatism

Embrace change

Focus on process

Entrepreneurial spirit

Excellent management

Important

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements relating to USA's anticipated financial performance, business prospects, new developments, new merchandising strategies and similar matters, and/or statements preceded by, followed by or that include the words believes, could, expects, anticipates, estimates, intends, plans, projects, seeks, or similar expressions. These forward-looking statements are necessarily estimates reflecting the best judgment of USA's senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions that could have a material adverse effect on USA's business, financial condition or results of operations. You should understand that the following important factors could affect USA's future results and could cause those results to differ materially from those expressed in the forward-looking statements: (1) the risk that USA's and Expedia's businesses and/or USA's and Hotels.com's businesses will not be integrated successfully; (2) costs related to the proposed transactions; (3) material adverse changes in economic conditions generally or in such conditions affecting USA's markets or industries; (4) future regulatory and legislative actions and conditions affecting USA's operating areas; (5) competition from others; (6) successful integration of our divisions' management structures; (7) product demand and market acceptance; (8) the ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms; (9) the ability to maintain the integrity of USA's systems and infrastructure; (10) the ability to expand into and successfully operate in foreign markets; (11) obtaining and retaining skilled workers and key executives, (12) acts of terrorism; and (13) war or political instability. In addition, investors should consider the other information contained in or incorporated by reference into USA's filings with the U.S. Securities and Exchange Commission (the SEC), including its Annual Report on Form 10-K for the fiscal year ended 2002, especially in the Risk Factors and the Management's Discussion and Analysis sections, and its Current Reports on Form 8-K. Other unknown or unpredictable factors also could have material adverse effects on USA's future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this press release 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 press release.

USA is not under any obligation and does not intend, except as specifically stated, to make publicly available any update or other revisions to any of the forward-looking statements contained in this press release to reflect circumstances existing after the date of this press release 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.

In connection with the proposed merger transactions with Expedia and Hotels, USA Interactive and Expedia will file a proxy and information statement/prospectus and USA Interactive and Hotels.com will file an Information Statement/Prospectus, in each case with the Securities and Exchange Commission. Investors and security holders are urged to read carefully these documents regarding the proposed transactions when they become available, because they will contain important information. Investors and security holders may obtain a free copy of these documents (when each is available) and other documents containing information about USA Interactive, Expedia, Inc. and Hotels.com, without charge, at the SEC's web site at <http://www.sec.gov>. Free copies of USA Interactive's filings may be obtained by directing a request to USA Interactive, 152 West 57th Street, New York, New York, 10019, Attention: Investor Relations, free copies of Expedia's filings may be obtained by directing a request to Expedia, Inc. 13810 SE Eastgate Way, Suite 400, Bellevue, Washington 98005, Attention: Investor Relations, and free copies of Hotels.com's filings may be obtained by directing a request to Hotels.com, 8140 Walnut Hill Lane, Suite 203, Dallas, TX 75231, Attention: Investor Relations.

This presentation refers to budgeted data from the USA 2003 budget released on February 6, 2003. The budgeted data is as of February 6, 2003 and is not being updated or confirmed as of the date hereof. Pro forma financial information includes the results from Expedia as of January 1, 2001, and is pro forma for the exchange of Holdco shares by Liberty, the Vivendi transaction and the Ticketmaster merger as if they had occurred on January 1, 2001.

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EBITA is defined as defined as operating income plus amortization of (1) non-cash compensation, (2) non-cash distribution and marketing and (3) other intangibles (and goodwill in 2001), (4) non-recurring items and (5) HSN disengagement costs. Adjusted Net Income generally captures all income statement items that have been, or will ultimately be, settled in cash and is defined as net income available to common shareholders plus: (1) amortization of non-cash distribution and marketing expense, (2) amortization of non-cash compensation expense, (3) amortization of intangibles (and goodwill in 2001), net of related tax and minority interest expense, (4) equity income or loss from USA's 5.44% interest in VUE, and (5) non-recurring items and / or restructuring charges. Adjusted EPS is defined as Adjusted Net Income divided by fully diluted shares outstanding for Adjusted EPS purposes For reconciliations from non-GAAP to GAAP metrics, please refer to [www.usainteractive.com](http://www.usainteractive.com).



[USA INTERACTIVE LOGO]

*Engaging worldwide in the business of interactivity  
via the Internet, the television and the telephone.*