

USA INTERACTIVE
Form S-4
November 14, 2002

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As Filed with the Securities and Exchange Commission on November 13, 2002

Registration No. 333-[]

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

USA INTERACTIVE

(Exact Name of Registrant as Specified in its Charter)

Delaware
(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:

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

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

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

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. o

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

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

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$0.01 per share	59,025,109 ⁽¹⁾	N/A	\$1,470,246,925 ⁽²⁾	\$135,263 ⁽³⁾

- (1) Based on the maximum number of shares of common stock, par value \$0.01 per share, of the Registrant ("USA common stock") that may be issued in connection with the merger described in the enclosed information statement/prospectus, calculated as the product of (a)(i) 101,296,946 shares of Class B common stock, par value \$0.01 per share, of Ticketmaster ("Ticketmaster Class B common stock") outstanding on October 15, 2002, plus (ii) 42,722,393 shares of Class A common stock, par value \$0.01 per share, of Ticketmaster ("Ticketmaster Class A common stock," and together with Ticketmaster Class B common stock, "Ticketmaster common stock") outstanding on October 15, 2002, plus (iii) 10,243,327 shares of Ticketmaster Class B common stock and 124,081 shares of Ticketmaster Class A common stock reserved for issuance upon the exercise of stock options (including options to acquire restricted stock) outstanding on October 15, 2002, plus (iv) up to 4,524,256 shares of Ticketmaster Class B common stock reserved for issuance upon the exercise of warrants outstanding on October 15, 2002, less (v) 53,302,401 shares of Ticketmaster Class B common stock and 42,480,143 shares of Ticketmaster Class A common stock held by the Registrant, multiplied by (b) 0.935, the exchange ratio in the merger. Outstanding shares exclude shares of Ticketmaster common stock held by a subsidiary of Ticketmaster.
- (2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f) and Rule 457(c) under the Securities Act, based on the sum of (a) the product of (i) 62,762,128, the maximum number of shares of Ticketmaster Class B common stock to be exchanged in the merger (including shares of Ticketmaster Class B common stock issuable upon the exercise of outstanding stock options and warrants), multiplied by (ii) \$23.38, the market price per share of Ticketmaster Class B common stock, computed in accordance with Rule 457(f)(1) and 457(c) under the Securities Act based upon the average of the high and low sale prices for shares of Ticketmaster Class B common stock as reported on the Nasdaq National Market on November 11, 2002, and (b) the product of (i) 366,331, the maximum number of shares of Ticketmaster Class A common stock to be exchanged in the merger (including shares of Ticketmaster Class A common stock issuable upon exercise of outstanding stock options), multiplied by (ii) \$7.83, the book value per share of Ticketmaster Class A common stock calculated as of September 30, 2002 in accordance with Rule 457(f)(2) under the Securities Act.
- (3) Reflects the product of (a) 0.000092 multiplied by (b) the Proposed Maximum Aggregate Offering Price for shares of USA common stock.

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

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 November 13, 2002

PROSPECTUS

INFORMATION STATEMENT

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 66.5% 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 [], 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 [], 2002 and it is being distributed to Ticketmaster stockholders on or about [], 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, 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

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

Except as otherwise specifically noted, references to "us," "we" or "our" refer to 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 25.

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 are the terms of the merger different from the terms of 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 sufficient 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 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: We currently expect to complete the merger in the fourth quarter of 2002 or early in the first quarter of 2003, however, we must satisfy a limited number of conditions before we can complete the merger, including the passing of 20 business days from the date this document is 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

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; and Styleclick, Inc. (OTCBB: IBUYA).

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 acquiring 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.

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 58)

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 59)

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 9.13% of the shares of USA common stock that will be outstanding at the conclusion of the merger and 9.03% 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 4.19% of the combined voting power of USA immediately following completion of the merger, and 0.67% 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 57)

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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.

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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 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 six-month periods ended June 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,

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independent auditors. The financial statements for the six-month periods ended June 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 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,					Six months ended June 30,	
	1997 ⁽¹⁾	1998 ⁽²⁾⁽³⁾	1999 ⁽⁴⁾	2000 ⁽⁵⁾	2001 ⁽⁶⁾	2001 ⁽⁶⁾	2002 ⁽⁹⁾
	(In thousands, except per share data)						
Statements of Operations Data:							
Net revenues	\$ 1,310,037	\$ 1,639,828	\$ 2,001,108	\$ 2,964,612	\$ 3,468,860	\$ 1,682,515	\$ 2,089,740
Operating profit (loss)	102,729	59,391	(48,842)	(349,746)	(216,423)	(101,217)	22,215
Earnings (loss) from continuing operations ⁽¹⁰⁾	34,397	26,848	(69,212)	(172,398)	(186,799)	(77,483)	(107,374)
Earnings (loss) before cumulative effect of accounting change	13,061	76,874	(27,631)	(147,983)	392,795	22,168	2,299,740
Net earnings (loss) available to common shareholders	13,061	76,874	(27,631)	(147,983)	383,608	12,981	1,833,120
Basic earnings (loss) per common share from continuing operations available to common shareholders ⁽⁷⁾⁽¹⁰⁾	0.16	.09	(0.21)	(0.48)	(0.50)	(0.21)	(0.28)
Diluted earnings (loss) per common share from continuing operations available to common shareholders ⁽⁷⁾⁽¹⁰⁾	0.15	.04	(0.21)	(0.48)	(0.50)	(0.21)	(0.28)
Basic earnings (loss) per common share before cumulative effect of accounting change ⁽⁷⁾⁽¹⁰⁾	0.06	.27	(.08)	(0.41)	1.05	0.06	5.70
Diluted earnings (loss) per common share before cumulative effect of accounting change ⁽⁷⁾⁽¹⁰⁾	0.06	.21	(.08)	(0.41)	1.05	0.06	5.70
Basic earnings (loss) per common share available to common shareholders ⁽⁷⁾⁽¹⁰⁾	0.06	.27	(.08)	(0.41)	1.03	0.03	4.55
Diluted earnings (loss) per common share available to common	0.06	.21	(.08)	(0.41)	1.03	0.03	4.55

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Year ended December 31,

Six months ended June 30,

shareholders⁽⁷⁾⁽¹⁰⁾

Balance Sheet Data (end of period):

Working capital	\$ 60,941	\$ 443,408	\$ 381,046	\$ 355,157	\$ 1,380,936	\$ 758,376	\$ 2,735,912
Total assets	2,464,750	4,161,873	5,151,160	5,646,290	6,539,850	5,827,434	14,409,106
Long-term obligations, net of current maturities	389,679	775,683	573,056	551,766	544,372	552,063	507,322
Common stock exchangeable for preferred interest							1,428,530
Preferred stock ⁽⁸⁾							131
Minority interest	271,772	336,788	742,365	908,831	706,688	764,986	824,111
Stockholders' equity	1,447,354	2,571,405	2,769,729	3,439,871	3,945,501	3,542,751	7,808,489

Other Data:

Net cash provided by (used in):

Operating activities	\$ 34,581	\$ (91,660)	\$ 77,760	\$ 87,321	\$ 298,335	\$ 148,034	\$ 261,728
Investing activities	(81,450)	(1,179,346)	(468,318)	(408,016)	35,052	103,271	1,980,928
Financing activities	108,050	1,297,654	100,204	58,163	56,256	43,168	(21,285)
Discontinued operations	12,249	304,173	267,651	86,266	348,174	96,335	12,006
Effect of exchange rate changes		(1,501)	(123)	(2,687)	(3,663)	(2,715)	7,880

- (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) The consolidated statement of operations data include the operations of USA Cable, formerly USA Networks, and Studios USA since their acquisition by USA from Universal Studios, Inc., or Universal, on February 12, 1998 and Citysearch since its acquisition by USA on September 28, 1998.
- (3) Net earnings for the year ended December 31, 1998 include a pre-tax gain of \$74.9 million related to USA's sale of its Baltimore television station during the first quarter of 1998 and a pre-tax gain of \$109.0 million related to the purchase of Citysearch during the fourth quarter of 1998.
- (4) The consolidated statement of operations data include the operations of Hotels.com, formerly Hotel Reservations Network, since its acquisition by USA on May 10, 1999 and the operations of October Films and the domestic film distribution and development businesses of Universal (which previously operated Polygram Filmed Entertainment) that are now collectively
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- 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.com, 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) 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) Earnings (loss) per common share data and shares outstanding retroactively reflect the impact of two-for-one stock splits of USA common stock and USA Class B common stock paid on February 24, 2000 and March 26, 1998. All share numbers give effect to these stock splits.
- (8) In connection with USA's acquisition of a controlling interest in Expedia, Inc., USA issued approximately 13.1 million shares of Series A Cumulative Convertible Preferred Stock, or USA preferred stock, at \$50 face value with an initial \$33.75 conversion price. Shares of USA preferred stock may be put to USA on the fifth, seventh, tenth and 15th anniversary of February 4, 2002 for cash or stock at USA's option. USA also has the right to redeem the shares of USA preferred stock for cash or stock commencing on the tenth anniversary of February 4, 2002.
- (9)

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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."

(10)

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

	Year ended December 31,			Six months ended June 30,	
	1999	2000	2001	2001	2002
(In thousands, except per share data)					
<u>INCOME (LOSS) FROM CONTINUING OPERATIONS</u>					
<u>AVAILABLE TO COMMON SHAREHOLDERS</u>					
Reported earnings (loss) from continuing operations	\$ (69,212)	\$ (172,398)	\$ (186,799)	\$ (77,483)	\$ (112,605)
Add: goodwill amortization from continuing operations	71,859	166,705	134,077	66,732	0
	\$ 2,647	\$ (5,693)	\$ (52,722)	\$ (10,751)	\$ (112,605)
Basic Earnings per share from continuing operations as adjusted:					
Reported basic net earnings (loss) per share	\$ (0.21)	\$ (0.48)	\$ (0.50)	\$ (0.21)	\$ (0.28)
Add: goodwill amortization	0.22	0.46	0.36	0.18	0.00
	\$ 0.01	\$ (0.02)	\$ (0.14)	\$ (0.03)	\$ (0.28)
Diluted Earnings per share from continuing operations as adjusted:					
Reported diluted net earnings (loss) per share	\$ (0.21)	\$ (0.48)	\$ (0.50)	\$ (0.21)	\$ (0.28)
Add: goodwill amortization	0.22	0.46	0.36	0.18	0.00
	\$ 0.01	\$ (0.02)	\$ (0.14)	\$ (0.03)	\$ (0.28)
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NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS

Income (loss) available to common shareholders	\$ (27,631)	\$ (147,983)	\$ 383,608	\$ 12,981	\$ 1,833,120
Add: goodwill amortization	104,704	206,151	176,413	88,757	0
	\$ 77,073	\$ 58,168	\$ 560,021	\$ 101,738	\$ 1,833,120
Basic earnings per share as adjusted:					
Reported basic net earnings (loss) per share	\$ (0.08)	\$ (0.41)	\$ 1.03	\$ 0.03	\$ 4.55
Add: goodwill amortization	0.32	0.57	0.47	0.24	0.00
	\$ 0.24	\$ 0.16			