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USA NETWORKS INC
Form DEFA14A
January 30, 2002

SCHEDULE 14A
(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant /X/
Filed by a party other than the Registrant / /
Check the appropriate box:

- / / Preliminary Proxy Statement
- / / Confidential, For Use of the Commission
Only (as permitted by Rule 14a-6(e)(2))
- / / Definitive Proxy Statement
- / / Definitive Additional Materials
- /X/ Soliciting Material Pursuant to Section 240.14a-12

USA NETWORKS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- /X/ No fee required.
- / / Fee computed on table below per Exchange Act Rules 14a-6(i)(4)
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filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

[GRAPHIC OMITTED]
USA
NETWORKS
INC

FOR IMMEDIATE RELEASE

JANUARY 29, 2002

25% Q4 PRO FORMA EBITDA GROWTH FROM USA'S OPERATING BUSINESSES
34% EBITDA GROWTH BUDGETED FOR OPERATING BUSINESSES FOR FULL YEAR 2002

NEW YORK, January 29, 2002 - USA Networks, Inc. (NASDAQ: USAI), to be renamed USA Interactive upon closing of the contribution of USA Entertainment to a joint venture to be controlled by Vivendi Universal, reported results today for its quarter ended December 31, 2001. Highlights are presented on a pro forma comparative Q4 basis, reflecting the pending Expedia and Vivendi transactions.

- o USA'S INTERACTIVE OPERATING BUSINESSES increased revenue by 17% to \$937.8 million and EBITDA by 25% to \$149.0 million. Total revenue increased by 14% to \$1,030 million and total EBITDA increased by 33% to \$120.3 million.
- o HSN increased its U.S. revenue by 9% to \$495.3 million and EBITDA by 3% to \$75.7 million, as expected, while reducing inventory levels by \$30.1 million, or 14%, to \$156.5 million, during the year. As evidenced that HSN is on track for a strong year, its U.S. revenue in January 2002 is up approximately 20% versus January 2001.
- o HOTEL RESERVATIONS NETWORK increased revenue by 42% to \$141.7 million and EBITDA by 30% to \$22.9 million. HRN added a record number of properties, 667, and increased its number of affiliates to over 23,800 during Q4. HRN is already having an outstanding 2002, having sold a record \$2.5 million in hotel rooms on January 9th.
- o TICKETMASTER increased ticketing revenue by 7% to \$131.8 million although EBITDA declined by 12%, primarily due to reduced profitability in selected international operations; declines in software sales which are sensitive to economic conditions; and the inclusion of Reserve America, a seasonal business. Ticketmaster also launched TICKETFAST -TM-, for print-at-home ticketing, and Ticketmaster Marketplace -TM-, a service for buying, selling and forwarding tickets.
- o EXPEDIA (transaction pending) increased revenue by 84% to \$81.8 million and reversed an EBITDA loss of \$2.9 million in Q4 2000 to an EBITDA profit of

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\$22.2 million. Expedia took the lead among online travel agencies, with \$704 million in gross bookings in Q4.

- o MATCH, one of the company's fastest-growing assets, increased revenue by 145% to \$17.6 million and EBITDA by 451% to \$7.6 million. Match ended Q4 with total paid subscribers of 382,150, an increase of 51% over Q3.
- o USA is filing its REVISED BUDGET with the SEC, based on its strong fourth quarter results and additional information regarding the state of the travel and leisure markets. The revised budget projects EBITDA for USA's Interactive Operating Businesses to grow by 34% to \$648 million and total EBITDA to grow by 69% to \$607 million in 2002.
- o USA also today reiterated its goal of reaching 20% OF INTERACTIVE COMMERCE over the next several years through a combination of organic growth, investing in new initiatives, and significant acquisition activity. USA is filing material with the SEC, pursuant to Reg FD, which contains more detail on its strategy and goals.
- o USA ENTERTAINMENT (which is not reflected in the comparative pro forma results due to its pending contribution to a joint venture to be controlled by Vivendi Universal) Operating Businesses decreased revenue by 15% to \$357.0 million and EBITDA by 16% to \$126.8 million, due largely to a continuing weak advertising market.

SEE IMPORTANT FOOTNOTES AT END OF THIS RELEASE.

M E D I A R E L E A S E

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FINANCIAL RESULTS

On a comparative pro forma basis reflecting pending transactions, USA reported the following:

| (\$ IN MILLIONS) | PRO FORMA Q4 01 ----- | PRO FORMA Q4 00 ----- | GROWTH ----- |
|--|-----------------------------|-----------------------------|-----------------|
| REVENUES - OPERATING BUSINESSES | | | |
| HSN - U.S..... | \$495.3 | \$455.8 | 9% |
| Ticketing..... | 131.8 | 122.7 | 7% |
| Hotel Reservations Network..... | 141.7 | 100.0 | 42% |
| Expedia (TRANSACTION PENDING)..... | 81.8 | 44.4 | 84% |
| Precision Response..... | 69.8 | 72.1 | (3%) |
| Match.com..... | 17.6 | 7.2 | 145% |
| | ----- | ----- | ----- |
| SUB-TOTAL - OPERATING..... | 937.8 | 802.2 | 17% |
| REVENUES - EMERGING BUSINESSES | | | |
| Citysearch and related..... | 10.3 | 14.0 | |
| ECS / Styleclick..... | 12.5 | 13.5 | |
| HSN - International and other (d)..... | 82.2 | 83.4 | |

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| | | | |
|--|-----------|---------|-------|
| SUB-TOTAL - EMERGING..... | 104.9 | 110.9 | |
| Foreign exchange conversion (a)..... | (10.2) | (11.8) | |
| Disengaged HSN homes (c)..... | -- | 6.2 | |
| Intersegment elimination..... | (2.2) | -- | |
| TOTAL..... | \$1,030.3 | \$907.5 | 14% |
| EBITDA - OPERATING BUSINESSES | | | |
| HSN - U.S..... | \$75.7 | \$73.8 | 3% |
| Ticketing..... | 21.5 | 24.4 | (12%) |
| Hotel Reservations Network..... | 22.9 | 17.6 | 30% |
| Expedia (TRANSACTION PENDING)..... | 22.2 | (2.9) | NM |
| Precision Response..... | 6.2 | 11.0 | (44%) |
| Match.com..... | 7.6 | 1.4 | 451% |
| Corporate and other..... | (7.0) | (6.0) | NM |
| SUB-TOTAL - OPERATING..... | 149.0 | 119.4 | 25% |
| EBITDA - EMERGING BUSINESSES | | | |
| Citysearch and related..... | (9.9) | (12.4) | |
| ECS / Styleclick..... | (7.8) | (16.7) | |
| HSN - International and other (d)..... | (7.7) | 4.1 | |
| SUB-TOTAL - EMERGING..... | (25.4) | (25.1) | |
| Non-recurring items (b)..... | (3.1) | (3.2) | |
| Foreign exchange conversion (a)..... | (0.2) | (1.5) | |
| Disengaged HSN homes (c)..... | -- | 0.9 | |
| TOTAL..... | \$120.3 | \$90.5 | 33% |

- o Includes pro forma results for Expedia, the acquisition of which is expected to close in February 2002. Does not include results for USA Entertainment, the contribution of which to a joint venture with Vivendi Universal is expected to close by Q2 2002. Excludes results from USA Broadcasting, the sale of which to Univision was completed in August 2001.
- o EBITDA is defined as operating income plus (1) depreciation and amortization, (2) amortization of cable distribution fees (\$14.6 million & \$11.0 million, respectively), (3) amortization of non-cash distribution, marketing, and compensation expense, and (4) disengagement related payments to cable operators and marketing expenses (\$4.1 million) related to the transfer of HSN's distribution to cable (which has been accomplished).
 - (a) In order to present comparable results for HSN Germany, the results have been translated from Euros to U.S. dollars at a constant exchange rate.
 - (b) Represents non-recurring costs related to restructuring operations at HSN, HSN International and PRC, including costs for employee terminations.
 - (c) Reflects estimated results generated by homes lost by HSN following the sale of USA Broadcasting to Univision.
 - (d) HSN - International and other includes primarily Home Shopping Espanol and HSN Germany. USA was premature in its inclusion previously of HSN Germany as an Operating Business. Although we believe that HSN Germany will be profitable this year (and exceed its performance from last year), it continues to experience significant growing pains and is not close to operating at a stable, consistent basis (although there could be future variations in results). We, therefore, intend to include HSN Germany as

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part of HSN International and other for the foreseeable future, and we do not intend to move it back to an Operating Business based on any short-term improvement in results. For the fourth quarter, HSN Germany's sales and EBITDA were \$75.2 million and \$1.7 million, respectively, as compared to \$74.0 million and \$9.0 million, respectively, in the year ago period. We believe this change will result in a better understanding of the results of our Operating Businesses taken as a whole.

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CASH NET INCOME AND EARNINGS PER SHARE

| | PRO FORMA FOR VIVENDI AND EXPEDIA TRANSACTIONS (A) (C) | |
|--|---|----------------|
| | Q4 01 ----- | Q4 00 ----- |
| Cash net income per share - diluted..... | 0.10 | 0.09 |
| Basic loss per share..... | (0.06) | (0.16) |

- (a) Excluding one-time income / (expense) of (\$17.6 million), pre-tax in Q4 '01, and (\$184.4 million), pre-tax, in Q4 '00, including the write-down of Styleclick goodwill in Q4 '00 of (\$145.6 million), pre-tax.
- (b) Excluding one-time income / (expense) of (\$25.7 million), pre-tax in Q4 '01, including \$8.1 million related to the Entertainment operations, and (\$184.4 million), pre-tax, in Q4 '00, including the write-down of Styleclick goodwill in Q4 '00 of (\$145.6 million), pre-tax.
- (c) Presented based upon net income available to common shareholders, giving effect to the preferred dividend related to the Expedia transaction.
- (d) Amounts based on net income before loss from discontinued operations in Q4 '00 of \$18.0 million.

Cash net income ("CNI") is defined as net income plus (1) amortization of non-cash distribution, marketing, and compensation expense (2) amortization of goodwill and intangibles and (3) minority interest related to Holdco, minus the 1.4% PIK dividend on the \$1.75 billion preferred security (\$24.5 million, pre-tax). Shares outstanding to compute CNI EPS is defined as actual shares outstanding plus 33.2 million shares of Holdco that are exchangeable into USA common stock minus 56.6 million shares of common stock held by Vivendi, as the Company believes these shares should be viewed as treasury, although the amount of shares treated as treasury will be lower at stock prices greater than \$40.82, as discussed in USA's 8-K filing with the SEC dated December 17, 2001. Related to Holdco, the Company intends to issue common stock for all remaining exchangeable shares upon completion of the Vivendi transaction. CNI EPS amounts are shown on a diluted basis, including the impact of dilutive securities.

ADOPTION OF NEW ACCOUNTING RULES FOR GOODWILL

Effective January 1, 2002, all calendar year companies will be required to adopt FAS 142, the new accounting rules for goodwill. The new rules eliminate

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amortization of goodwill and other intangible assets with indefinite lives and establish new measurement criterion for these assets. Although it has not completed its assessment, the Company anticipates a write-off of \$325 million to \$425 million primarily related to the Citysearch and Precision Response (PRC) businesses. Although Citysearch and PRC are expected to generate positive cash flows in the future, due to cash flow discounting techniques required by the new rules, the future cash flows do not support current carrying values. The expected range for the Citysearch write-off is \$75 million to \$125 million and for PRC \$250 million to \$300 million. The rules are expected to reduce USA's annual amortization expense by approximately \$230 million.

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ELECTRONIC RETAILING HIGHLIGHTS

HSN's EBITDA increased by 3% to \$75.7 million on 9% higher revenue of \$495.3 million in the United States.

- o In a challenging environment, HSN continues to grow faster than virtually every major traditional retailer. In fact, HSN had one of its best quarters ever in terms of new business, adding approximately 735,000 new customers during Q4.
- o As compared to Q4 2000, EBITDA grew slower than revenue due to the build out its new California fulfillment facility to reduce shipping times to west coast customers, investments in alternative distribution channels, and continuing technology investments in HSN.com as the business scales.
- o HSN.com, which now represents approximately 10% of HSN's U.S. sales, grew revenue by 125% in Q4, generating more sales than in all of 2000. Its affiliate program, which began in August, now includes more than 3,000 affiliates.
- o Off-air sales (including continuity, upsells, waitlist, and SHOP THE SOAPS), which require little or no HSN TV airtime, generated more than \$100 million in sales during 2001, and are expected to grow by more than 25% in 2002.
- o In partnership with Carnival Cruise Lines and celebrity host Suzanne Somers, HSN's GODDESS CRUISE event generated 1,100 cabin bookings in 36 hours, becoming the fastest selling cruise in Carnival's history. And during the cruise, travelers placed more than 2,000 orders with HSN.
- o HSN recently announced deals with star personalities. Christopher Lowell, noted home authority and Emmy-winning host of the Discovery Channel's THE CHRISTOPHER LOWELL SHOW, will debut an exclusive line of home makeover items; Christine Alt, celebrity plus-size fashion model, will introduce an exclusive new collection of clothing for women of all sizes; and Michael Corbett, host of the syndicated television programs EXTRA! And EXTRA!'S MANSIONS AND MILLIONAIRES, is launching a new line of indoor and outdoor home essentials.
- o HSN has also expanded its exclusive product line offerings in conjunction with Betty Crocker, Serta, Coleman, Hewlett Packard, Panasonic, Major League Baseball, Hoover, RCA, and Cosmopolitan, which will launch an exclusive line of personal care products featuring guest appearances by the magazine's beauty editors.

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ELECTRONIC RETAILING HIGHLIGHTS (CONTINUED)

| | Q4 01 | Q4 00 | GRO |
|---|---------|---------|-------|
| | ----- | ----- | ----- |
| Units shipped (IN MILLIONS)..... | 11.4 | 10.0 | 1 |
| Gross profit % *..... | 33.9% | 33.6% | |
| Return rate..... | 17.9% | 18.8% | |
| Average price point..... | \$47.36 | \$51.59 | |
| Product mix: | | | |
| Homegoods..... | 53% | 54% | |
| Jewelry..... | 25% | 24% | |
| Health / Beauty..... | 10% | 10% | |
| Apparel / Accessories..... | 12% | 12% | |
| * Gross margin increase is due to the inclusion of a small catalogue operation in Q4 2001. Without the catalogue business, HSN's gross margins would have been 33.2%. | | | |
| HSN cable / DBS homes (IN MILLIONS @ 12/31)..... | 73.4 | 65.9 | 1 |
| HSN total homes (IN MILLIONS @ 12/31)..... | 83.0 | 77.1 | |
| HSN total homes pro forma disengagement (IN MILLIONS) | 72.6 | | |

HSN - INTERNATIONAL AND OTHER

- o HSN - International and other includes primarily Home Shopping Espanol and HSN Germany.
- o System integration and operational challenges continued to adversely impact revenue and EBITDA growth at HSN Germany, which generated \$1.7 million in EBITDA during Q4, down from \$9 million in the year-ago period.
- o During 2001, HSN expanded its global leadership, launching new services in the United Kingdom, Belgium, the Netherlands, and Mexico.

TV HOUSEHOLDS

| | 12/01 | 12/00 | GROWTH |
|--|-----------------------|-------|--------|
| | ----- | ----- | ----- |
| | (IN MILLIONS @ 12/31) | | |
| Consolidated Services: | | | |
| HSE - Germany (includes Austria / Switzerland)..... | 29.7 | 29.3 | 0.4 |
| Home Shopping Espanol (U.S. / Puerto Rico)..... | 5.8 | 5.1 | 0.7 |
| Home Shopping Espanol (Mexico)..... | 2.4 | -- | 2.4 |
| Unconsolidated Services: | | | |
| TVSN (China) -- HH airing at least 14 hours per week.. | 28.9 | 18.9 | 10.0 |
| Shop Channel (Japan) | 11.6 | 9.2 | 2.4 |
| HSE - Italy..... | 9.4 | 6.0 | 3.4 |
| HSE - Netherlands (includes Belgium)..... | 3.5 | -- | 3.5 |

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| | | | |
|---|-----|-----|-----|
| HSE - France (includes Belgium / Luxembourg)..... | 3.5 | 1.4 | 2.1 |
| HSE - U.K..... | 5.8 | -- | 5.8 |

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INFORMATION & SERVICES HIGHLIGHTS

TICKETMASTER increased ticketing revenue by 7% to \$131.8 million as EBITDA declined by 12%, primarily due to reduced profitability in selected international operations; declines in software sales which are more sensitive to economic conditions; and the inclusion of Reserve America, which was profitable on an EBITDA basis for the year, but due to seasonality loses money in the fourth quarter.

- o Ticketmaster launched TICKETFAST -TM-, for print-at-home ticketing, and Ticketmaster Marketplace -TM-, a ticket exchange service for buying, selling and forwarding tickets.
- o Online ticket sales accounted for 33.9% of total tickets sold by Ticketmaster, compared to 27.9% in Q4 '00.
- o MATCH.COM increased the number of paying subscribers to 382,150, a 144% increase from one year ago, and a 51% increase over Q3. Match.com earned \$7.6 million in EBITDA in Q4.
- o CITYSEARCH was named the Best Cityguide 2002 by Yahoo! Internet Life and was ranked among the Top 100 Websites by PC Magazine.

| | Q4 01 | Q4 00 | GROWTH |
|--|---|---------|--------|
| | ----- | ----- | ----- |
| Number of tickets sold (IN MILLIONS)..... | 20.3 | 18.7 | 8.6% |
| Gross value of tickets sold (IN MILLIONS)..... | \$870.3 | \$781.8 | 11.3% |
| Revenue per ticket..... | \$6.00 | \$5.87 | 2.2% |
| Share of tickets sold online..... | 33.9% | 27.9% | |
| Top-selling events in Q4 '01..... | NUTCRACKER, RINGLING BROTHERS, RA CHRISTMAS SPECTACULAR, DISNEY ON | | |

EXPEDIA (transaction pending) increased EBITDA to \$22.2 million, on 84% higher revenue of \$81.8 million.

- o Expedia led all online travel agencies for the first time with \$704 million in gross bookings in Q4.
- o Expedia was named Best Overall Travel Site by Yahoo! Internet Life.
- o Expedia announced the acquisition of Classic Custom Vacations, the biggest high-end vacation packager to Hawaii.
- o Expedia introduced visa and passport service for travelers and opened the "Travel Right" Cafe in LAX.

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| | Q4 01 ----- | Q4 00 ----- | GROWTH ----- |
|--|----------------|----------------|-----------------|
| Gross bookings (IN 000S)..... | \$704 | \$475 | 48% |
| Total transactions (IN 000S)..... | 2,229 | 1,318 | 69% |
| Average Media Metrix reach (IN 000S)..... | 9,238 | 5,417 | 70% |
| Expedia.com conversion..... | 5.2% | 6.0% | |
| New purchasing customers (IN 000S)..... | 870 | 504 | 73% |
| Unique purchasing customers (IN 000S)..... | 1,383 | 790 | 75% |
| Cumulative purchasing customers (IN 000S)..... | 6,294 | 2,932 | 115% |

SEE IMPORTANT FOOTNOTES AT END OF THIS RELEASE.

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INFORMATION & SERVICES HIGHLIGHTS (CONTINUED)

HOTEL RESERVATIONS NETWORK increased EBITDA by 30% to \$22.9 million on 42% higher revenue of \$141.7 million.

- o HRN added a record number of hotel properties, 667, to total over 4,500 properties.
- o HRN completed the acquisition of AceNet, a leading hotel consolidator in Atlantic City.
- o HRN now has over 23,800 mostly-exclusive affiliates under contract.

| | Q4 01 ----- | Q4 00 ----- | GROWTH ----- |
|---------------------------------------|----------------|----------------|-----------------|
| Hotel room nights sold..... | 1,187,000 | 699,900 | 70% |
| Affiliates (including TravelNow)..... | 23,808 | 16,200 | 47% |
| Properties..... | 4,567 | 2,600 | 76% |
| Cities served (AS OF 12/31)..... | 178 | 97 | 84% |

PRECISION RESPONSE decreased EBITDA by 44% to \$6.2 million on 3% lower revenue of \$69.8 million.

- o PRC's business continued to be adversely affected by an economy-related slowdown in the outsourcing of customer care programs, particularly in the telecom and financial services industries. In addressing this, the Company engaged in cost reduction initiatives during Q4 to better position itself for 2002.
- o PRC signed consumer service deals with Schwan's and Household Credit, both of which will commence in 2002.

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ENTERTAINMENT HIGHLIGHTS

USA NETWORK decreased EBITDA by 20% to \$84.9 million on 7% lower revenue of \$184.7 million.

- o USA finished the year tied for second place among all basic cable networks in primetime with a 1.7 rating.
- o USA averaged a 1.5 primetime rating in Q4 '01.
- o The PRIMETIME MOVIE increased delivery of Adults 18-34 by 18%.
- o PRANCER RETURNS earned a 3.0 rating as USA's highest rated Original Movie in Q4 '01.

SCI FI decreased EBITDA by 13% to \$26.1 million on 8% lower revenue of \$71.4 million.

- o SCI FI averaged a 0.7 rating in primetime and its average household delivery decreased by 8% to 524,000. Excluding the effects in Q4 `00 of SCI FI's hit mini-series DUNE, SCI FI's average household delivery decreased by 2%.
- o SCI FI continues to have the highest concentration of adult viewers 25-54 of any network on TV, while ranking in the top 10 among basic cable networks in its delivery of Adults, Women and Men 25-54 and Adults and Men 18-49.

STUDIOS USA, net, increased EBITDA by 3% to \$15.8 million on 30% lower revenue of \$100.9 million.

- o LAW & ORDER is generating the highest ratings in its 12-year history, averaging 18.9 million viewers weekly on NBC this season, ranking as the fifth highest rated television series.
- o LAW & ORDER: CRIMINAL INTENT, airing on NBC, was the most watched new primetime series in the November sweeps.
- o LAW & ORDER: SPECIAL VICTIMS UNIT, airing on NBC, is the most watched show in Friday primetime.
- o THE DISTRICT, airing on CBS, continues as the most watched show in Saturday primetime.
- o MAURY is the #2 talk show among Women 18-49, averaging a 2.3 rating in this demographic during the sweeps.
- o CROSSING OVER WITH JOHN EDWARD is this season's highest rated new daily first-run syndicated series.

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ENTERTAINMENT HIGHLIGHTS (CONTINUED)

| CABLE AND STUDIOS: | Q4 01 ----- | Q4 00 ----- | GROWTH ----- |
|---------------------------|----------------|----------------|-----------------|
| Revenue (\$ IN MILLIONS): | | | |
| USA Network..... | \$184.7 | \$199.4 | (7%) |
| SCI FI..... | 71.4 | 77.8 | (8%) |
| Studios, net..... | 100.9 | 145.0 | (30%) |

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| | | | |
|--|---------------------------|---------------------------|-------------------------|
| Total..... | ----- \$357.0 ===== | ----- \$422.2 ===== | ----- (15%) ===== |
| EBITDA (\$ IN MILLIONS): | | | |
| USA Network..... | \$84.9 | \$105.6 | (20%) |
| SCI FI..... | 26.1 | 30.2 | (13%) |
| Studios, net..... | 15.8 | 15.3 | 3% |
| Total..... | ----- \$126.8 ===== | ----- \$151.1 ===== | ----- (16%) ===== |
| Households (IN MILLIONS @ 12/31): | | | |
| USA Network..... | 85.2 | 79.9 | 7% |
| SCI FI..... | 76.4 | 66.7 | 15% |
| Advertising and other revenue / affiliate revenue: | | | |
| USA Network mix..... | 48:52 | 57:43 | |
| SCI FI mix..... | 59:41 | 67:33 | |

USA FILMS

USA Films' theatrical releases in Q4 were THE MAN WHO WASN'T THERE and GOSFORD PARK. THE MAN WHO WASN'T THERE was nominated for three GOLDEN GLOBES, including Best Picture (Drama) and Best Actor (Drama). GOSFORD PARK was nominated for five GOLDEN GLOBES, including Best Picture (Comedy or Musical), and was awarded Best Director. USA Home Entertainment's release ULTIMATE JORDAN is its best selling sports DVD to date, shipping over 200,000 units.

SHARES OUTSTANDING, MARKET CAPITALIZATION, NET DEBT

As of January 23, 2002, USA has outstanding 764.7 million shares, including exchangeable securities and treasury method options, with an aggregate market capitalization of \$19.9 billion. Pro forma for the Expedia and Vivendi transactions, USA has outstanding 414.3 million shares, including exchangeable securities and treasury method options, with an aggregate market capitalization of \$10.8 billion. Pro forma shares outstanding excludes Vivendi's remaining 56.6 million shares, as the Company believes these shares should be viewed as treasury, although the amount of shares treated as treasury will be lower at stock prices greater than \$40.82, as discussed in USA's 8-K filing with the SEC dated December 17, 2001.

USA has no net debt and \$550 million in consolidated net cash, including that of its public subsidiaries and an advance receivable to Universal. This excludes the final cash payment on the sale of USA Broadcasting of \$214 million, net of tax, and \$1.6 billion related to the pending Vivendi transaction and Expedia's cash balance of \$250 million.

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ANALYST CONFERENCE CALL

USA Networks, Inc. will audiocast its conference call with analysts and investors discussing the company's fourth quarter financial results on Tuesday, January 29, 2002, at 11:00 a.m. Eastern Time (ET). The live audiocast is open to the public, and a replay will be available approximately one hour after its

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completion, at WWW.USANETWORKS.COM/INVESTOR.RELATIONS.

IMPORTANT DISCLOSURES / LEGEND AND FORWARD LOOKING STATEMENTS / FOOTNOTES

USA and Expedia have filed a joint prospectus/proxy statement and will file other relevant documents concerning USA's acquisition of Expedia with the Securities and Exchange Commission ("SEC"). INVESTORS ARE URGED TO READ THE JOINT PROSPECTUS/PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED IN THE FUTURE WITH THE SEC BECAUSE THOSE DOCUMENTS CONTAIN IMPORTANT INFORMATION. Investors will be able to obtain such documents free of charge at the SEC's website at www.sec.gov. In addition, such documents may also be obtained free of charge by contacting USA Networks, Inc., 152 West 57th Street, New York, New York, 10019, Attention: Investor Relations, or Expedia, Inc., 13810 SE Eastgate Way, Suite 400, Bellevue, WA 98005, Attention: Investor Relations.

USA has filed a preliminary proxy statement and will file other relevant documents concerning USA's contribution of its Entertainment Group to a joint venture with Vivendi Universal and certain related transactions with the Securities and Exchange Commission ("SEC"). INVESTORS ARE URGED TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED IN THE FUTURE WITH THE SEC BECAUSE THOSE DOCUMENTS CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION. Investors will be able to obtain such documents free of charge at the SEC's website at www.sec.gov. In addition, such documents may also be obtained free of charge by contacting USA Networks, Inc., 152 West 57th Street, New York, NY, 10019, Attn: Investor Relations.

INVESTORS SHOULD READ THE PROXY STATEMENT CAREFULLY WHEN AVAILABE BEFORE MAKING ANY VOTING OR INVESTMENT DECISION CONCERNING THE PROPOSED TRANSACTIONS.

USA and its directors and officers may be deemed to be participants in the solicitation of proxies from USA shareholders to adopt the agreement providing for USA's contribution of its Entertainment Group to a joint venture with Vivendi Universal and the other related transactions described therein. A detailed list of the names and interests of USA's directors and executive officers is contained in the definitive proxy statement on Schedule 14A filed by SUA with the SEC on April 9, 2001. Copies of USA filings may be obtained free of charge at the SEC's website at www.sec.gov.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are necessarily estimates reflecting the best judgment of the senior management of USA 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 should, therefore, be considered in light of various important factors, including those set forth herein and in the documents USA files with the Securities and Exchange Commission. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation: material adverse changes in economic conditions generally or in the markets served by USA, material changes in inflation, future regulatory and legislative actions affecting USA's operating areas, competition from others, product demand and market acceptance, the ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms, the ability to expand into and successfully operate in foreign markets, and obtaining and retaining skilled workers and key executives. The words "estimate," "project," "intend," "expect," "believe" and similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. USA does not undertake any obligation to update or revise these forward-looking statements, whether as a result of new information, future events or any other reason.

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The financial, statistical and other information contained in this press release and its attachments is unaudited. USA Network and SCI FI ratings and household delivery data per NMR Galaxy Explorer for NHI defined periods versus comparable periods. Subscriber counts based on Nielsen People Meter Installed Sample, December '01 vs. '00. All ratings within each network's coverage area. Studios' syndicated program ratings per NSS (GAA % where applicable), and broadcast network data per NTI for comparable time periods. Subject to qualifications. Operating metrics in this press release are pro forma for pending Expedia transaction. For operating metrics relating to Expedia, gross bookings represent the total value of travel booked through the Expedia, VacationSpot, and WWTE sites. Transactions represents the number of reservations and purchases transacted through the Expedia and WWTE sites. Average monthly Media Metrix reach represents the unduplicated reach for the Expedia and VacationSpot sites. Conversion represents the monthly average Expedia.com unique monthly purchasers divided by the monthly average Media Metrix reach for the Expedia.com site. Expedia new purchasing customers represents the number of new customers transacting through the Expedia sites in a quarter. Expedia cumulative purchasing customers represents the cumulative number of customers that have ever transacted through the Expedia sites as of the end of a quarter. Expedia quarterly unique purchasing customers represents the number of unique customers transacting through the Expedia sites over the course of a quarter.

ABOUT USA NETWORKS, INC.

USA Networks, Inc. (Nasdaq: USAI), to be renamed USA Interactive upon close of its pending transaction with Vivendi Universal, is organized into two groups, the Interactive Group and the Entertainment Group. The Interactive Group consists of Home Shopping Network (including HSN International and HSN Interactive); Ticketmaster (Nasdaq: TMCS), which operates CitySearch and Match.com; Hotel Reservations Network (Nasdaq: ROOM); Electronic Commerce Solutions; Styleclick; Precision Response Corporation; and Expedia, Inc. (Nasdaq: EXPE) upon the close of USA's previously announced transaction. The Entertainment Group consists of USA Cable, including USA Network, SCI FI Channel, TRIO, Newsworld International, and Crime; Studios USA, which produces and distributes television programming; and USA Films, which produces and distributes films. On December 17, 2001, USA and Vivendi Universal announced a transaction in which the assets of the Entertainment Group would be contributed to Vivendi Universal Entertainment, a new joint venture.

| | | |
|-----------|---------------------|---------------------------------|
| CONTACTS: | USA COMMUNICATIONS: | USA INVESTOR RELATIONS: |
| | Ron Sato | Roger Clark / Lauren Rosenfield |
| | 212-314-7254 | 212-314-7400 |

USA INTERACTIVE AND SUBSIDIARIES
 PRO FORMA FOR THE PENDING EXPEDIA AND VIVENDI TRANSACTIONS
 UNAUDITED BUSINESS SEGMENT INFORMATION
 (\$ IN THOUSANDS)

THREE MONTHS ENDED DECEMBER 31,

| | |
|-----------|-----------|
| PRO FORMA | PRO FORMA |
| ----- | ----- |
| 2001 | 2000 |
| ----- | ----- |

REVENUES - OPERATING BUSINESSES

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| | | |
|--|-------------|------------|
| Electronic retailing - U.S. | \$ 495,275 | \$ 455,840 |
| Ticketing | 131,776 | 122,656 |
| Hotel reservations | 141,668 | 100,014 |
| Online travel (transaction pending) | 81,762 | 44,419 |
| Teleservices | 69,752 | 72,097 |
| Personals | 17,561 | 7,173 |
| | ----- | ----- |
| SUB-TOTAL | 937,794 | 802,199 |
| REVENUES - EMERGING BUSINESSES | | |
| Citysearch and related | 10,256 | 14,062 |
| Electronic Commerce Solutions/Styleclick | 12,448 | 13,413 |
| HSN - all consolidated international and other | 82,192 | 83,407 |
| | ----- | ----- |
| SUB-TOTAL | 104,896 | 110,882 |
| | ----- | ----- |
| Euro's exchange rate fluctuation (a) | (10,242) | (11,814) |
| Disengaged HSN homes (b) | -- | 6,229 |
| Intersegment Elimination | (2,180) | -- |
| | ----- | ----- |
| TOTAL | \$1,030,268 | \$ 907,496 |
| | ===== | ===== |
| EBITDA - OPERATING BUSINESSES (c) | | |
| Electronic retailing - U.S. | \$ 75,667 | \$ 73,758 |
| Ticketing | 21,473 | 24,419 |
| Hotel reservations | 22,858 | 17,637 |
| Online Travel (transaction pending) | 22,205 | (2,872) |
| Teleservices | 6,221 | 11,048 |
| Personals | 7,604 | 1,379 |
| Corporate and other | (7,027) | (5,988) |
| | ----- | ----- |
| SUB-TOTAL | 149,001 | 119,381 |
| EBITDA - EMERGING BUSINESSES (c) | | |
| Citysearch | (9,853) | (12,426) |
| Electronic Commerce Solutions/Styleclick | (7,803) | (16,752) |
| HSN - all consolidated international and other | (7,745) | 4,051 |
| | ----- | ----- |
| SUB-TOTAL | (25,401) | (25,127) |
| | ----- | ----- |
| Restructuring charge and one-time items (d) | (3,075) | (3,187) |
| Euro's exchange rate fluctuation (a) | (218) | (1,454) |
| Disengaged HSN homes (b) | -- | 856 |
| | ----- | ----- |
| TOTAL | \$ 120,307 | \$ 90,469 |
| | ===== | ===== |

- (a) In order to present comparable results for HSN Germany, the results have been translated from Euros to U.S. dollars at a constant exchange rate.
- (b) Reflects estimated results generated by homes lost by HSN following disengagement of USA Broadcasting to Univision.
- (c) EBITDA is defined as operating income plus, (1) depreciation and amortization, (2) amortization of cable distribution fees of \$14,591 and \$10,987, respectively, (3) amortization of non-cash distribution and marketing expense and non-cash compensation expense and (4) disengagement expense of \$4.1 million in Q4 '01.
- (d) Represents non-recurring costs related to restructuring operations and employee terminations.

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USA INTERACTIVE AND SUBSIDIARIES
 PRO FORMA FOR THE PENDING EXPEDIA AND VIVENDI TRANSACTIONS
 UNAUDITED BUSINESS SEGMENT INFORMATION
 (\$ IN THOUSANDS)

| | TWELVE MONTHS ENDED DECEMBER 31, | |
|--|----------------------------------|---------------|
| | ACTUAL | PRO FORMA (a) |
| | 2001 | 2000 |
| REVENUES - OPERATING BUSINESSES | | |
| Electronic retailing - U.S. | \$ 1,658,904 | \$ 1,527,042 |
| Ticketing | 579,679 | 518,565 |
| Hotel reservations | 536,497 | 327,977 |
| Online Travel (transaction pending) | 296,936 | 156,656 |
| Teleservices | 298,678 | 282,120 |
| Personals | 49,249 | 29,122 |
| | ----- | ----- |
| SUB-TOTAL | 3,419,943 | 2,841,482 |
| REVENUES - EMERGING BUSINESSES | | |
| Citysearch | 46,107 | 50,889 |
| Electronic Commerce Solutions/Styleclick | 34,230 | 48,492 |
| HSN - all consolidated international and other | 319,424 | 280,985 |
| | ----- | ----- |
| SUB-TOTAL | 399,761 | 380,366 |
| | ----- | ----- |
| Euro's exchange rate fluctuation (b) | (46,855) | (35,271) |
| Disengaged HSN homes (c) | -- | 6,229 |
| Intersegment Elimination | (7,053) | -- |
| | ----- | ----- |
| TOTAL | \$ 3,765,796 | \$ 3,192,806 |
| | ===== | ===== |
| EBITDA - OPERATING BUSINESSES (d) | | |
| Electronic retailing - U.S. | \$ 231,507 | \$ 229,582 |
| Ticketing | 106,248 | 100,025 |
| Hotel reservations | 81,449 | 52,641 |
| Online Travel (transaction pending) | 60,864 | (38,770) |
| Teleservices | 34,299 | 44,626 |
| Personals | 16,512 | 6,241 |
| Corporate and other | (31,203) | (29,879) |
| | ----- | ----- |
| SUB-TOTAL | 499,676 | 364,466 |
| EBITDA - EMERGING BUSINESSES (d) | | |
| Citysearch | (43,441) | (63,879) |
| Electronic Commerce Solutions/Styleclick | (53,591) | (71,193) |
| HSN - all consolidated international and other | (22,555) | 14,679 |
| | ----- | ----- |
| SUB-TOTAL | (119,587) | (120,393) |
| | ----- | ----- |
| Restructuring charge and one-time items (e) | (20,098) | (4,685) |

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| | | |
|--------------------------------------|------------|------------|
| Euro's exchange rate fluctuation (b) | (1,200) | (3,939) |
| Disengaged HSN homes (c) | -- | 856 |
| | ----- | ----- |
| TOTAL | \$ 358,791 | \$ 236,305 |
| | ===== | ===== |

- (a) Presented as if the acquisitions of Precision Response and Styleclick had occurred at the beginning of the period presented.
- (b) In order to present comparable results for HSN Germany, the results have been translated from Euros to U.S. dollars at a constant exchange rate.
- (c) Reflects estimated results generated by homes lost by HSN following disengagement of USA Broadcasting to Univision.
- (d) EBITDA is defined as operating income plus, (1) depreciation and amortization, (2) amortization of cable distribution fees of \$43,975 and \$36,322, respectively, (3) amortization of non-cash distribution and marketing expense and non-cash compensation expense and (4) disengagement expense of \$4.1 million in Q4 '01.
- (e) Represents non-recurring costs related to restructuring operations and employee terminations and benefits.

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USA INTERACTIVE AND SUBSIDIARIES
PRO FORMA FOR THE PENDING EXPEDIA AND VIVENDI TRANSACTIONS
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ IN THOUSANDS, EXCEPT PER SHARE DATA)

| | THREE MONTHS ENDED DECEMBER 31 | |
|---|--------------------------------|------------|
| | PRO FORMA | PRO FORMA |
| | ----- | ----- |
| | 2001 | 2000 |
| | ----- | ----- |
| Revenues, net | \$ 1,030,268 | \$ 907,496 |
| Operating costs and expenses: | | |
| Costs related to revenues | 667,944 | 602,673 |
| Other costs and expenses | 242,017 | 214,354 |
| Disengagement costs (a) | 4,052 | -- |
| Amortization of non cash distribution and marketing expense (b) | 6,518 | 7,099 |
| Amortization of non cash compensation expense (c) | 4,793 | 12,497 |
| Amortization of cable distribution fees | 14,591 | 10,987 |
| Depreciation and amortization | 119,502 | 306,498 |
| | ----- | ----- |
| Total operating costs and expenses | 1,059,417 | 1,154,108 |
| | ----- | ----- |
| Operating income | (29,149) | (246,612) |
| Interest expense, net | (4,017) | 1,418 |
| Other, net | 8,940 | 19,149 |
| | ----- | ----- |
| Earnings before income taxes and minority interest | (24,226) | (226,045) |
| Income tax expense | (18,671) | (20,564) |
| Minority interest | 12,663 | 82,572 |
| | ----- | ----- |

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| | | |
|--|-------------|--------------|
| Loss before preferred dividend | \$ (30,234) | \$ (164,037) |
| Preferred dividend (d) | (3,265) | (3,265) |
| Net loss available to common shareholders | \$ (33,499) | \$ (167,302) |
| Net loss available to common shareholders ex. one time charges (e) | \$ (25,145) | \$ (63,627) |
| Cash net income available to common shareholders, excluding one-time charges | \$ 40,514 | \$ 37,644 |
| Weighted average basic shares | 412,753 | 403,878 |
| Weighted average CNI shares | 410,485 | 401,400 |
| EPS AVAILABLE TO COMMON SHAREHOLDERS | | |
| Basic and diluted loss per share | \$ (.08) | \$ (.41) |
| Basic loss per share, excluding one-time charges | \$ (.06) | \$ (.16) |
| Cash net income per share, excluding one-time charges | \$.10 | \$.09 |
| EBITDA (F) | \$ 120,307 | \$ 90,469 |

- (a) Represents costs incurred related to the disengagement of HSN from the USA Broadcasting stations. Amounts primarily relate to payments to cable operators and related marketing expenses in the disengaged markets.
- (b) Amortization of warrants and stock issued in exchange for distribution and marketing services.
- (c) Expense relates to the Company's bonus stock purchase program, restricted stock awards and certain stock option grants. (d) In relation to the pending Expedia transaction, the Company will issue preferred stock with a dividend of 1.99%, payable in cash or stock.
- (e) Represents non-recurring costs related to restructuring operations at HSN, HSN International and PRC, including costs for employee terminations.
- (f) EBITDA is defined as operating income plus, (1) depreciation and amortization, (2) amortization of cable distribution fees of \$14,591 and \$10,987, respectively, (3) amortization of non-cash distribution and marketing expense and non-cash compensation expense and (4) disengagement expense of \$4.1 million in Q4 '01.

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| | TWELVE MONTHS ENDED DECEMBER | |
|---|------------------------------|---------------|
| | PRO FORMA (a) | PRO FORMA (a) |
| | 2001 | 2000 |
| Revenues, net | \$ 3,765,796 | \$ 3,192,806 |
| Operating costs and expenses: | | |
| Costs related to revenues | 2,424,580 | 2,117,995 |
| Other costs and expenses | 982,425 | 838,506 |
| Disengagement costs (c) | 4,052 | -- |
| Amortization of non cash distribution and marketing expense (d) | 26,384 | 11,665 |
| Amortization of non cash compensation expense (e) | 24,204 | 76,941 |
| Amortization of cable distribution fees | 43,975 | 36,322 |
| Depreciation and amortization | 493,959 | 648,408 |
| Total operating costs and expenses | 3,999,579 | 3,729,837 |
| Operating income | (233,783) | (537,031) |
| Interest expense, net | (8,902) | (2,504) |
| Other, net | 92,664 | 174,145 |
| Earnings before income taxes and minority interest | (150,021) | (365,390) |
| Income tax expense | (65,182) | (120,217) |
| Minority interest | 69,285 | 161,642 |
| Loss before preferred dividend | \$ (145,918) | \$ (323,965) |
| Preferred dividend (f) | \$ (13,059) | (13,059) |
| Net loss available to common shareholders | \$ (158,977) | \$ (337,024) |
| Net loss available to common shareholders ex. one time charges (g) | (\$ 131,556) | (\$ 275,337) |
| Cash net income available to common shareholders, excluding one-time charges | \$ 137,939 | \$ 51,581 |
| Weighted average basic shares | 409,715 | 395,302 |
| Weighted average CNI shares | 414,962 | 403,379 |
| EPS AVAILABLE TO COMMON SHAREHOLDERS | | |
| Basic and diluted loss per share | \$ (.39) | \$ (.85) |
| Basic loss per share, excluding one-time charges | \$ (.32) | \$ (.70) |
| Cash net income per share, excluding one-time charges | \$.33 | \$.13 |
| EBITDA (h) | \$ 358,791 | \$ 236,305 |

- (a) Presented as if the merger of Ticketmaster and TMCS had occurred at the beginning of the period presented. The merger has no impact on revenues or EBITDA. Pro forma results reflect the impact of the merger on minority interest and income taxes.
- (b) Presented as if the acquisitions of Precision Response and Styleclick had occurred at the beginning of the period presented.
- (c) Represents costs incurred related to the disengagement of HSN from the USA Broadcasting stations. Amounts primarily relate to payments to cable operators and related marketing expenses in the disengaged markets.
- (d) Amortization of warrants and stock issued in exchange for distribution and marketing services.
- (e) Expense relates to the Company's bonus stock purchase program, restricted stock awards and certain stock option grants.
- (f) In relation to the pending Expedia transaction, the Company will issue preferred stock with a dividend of 1.99%, payable in cash or stock.
- (g) Represents non-recurring costs related to restructuring operations at HSN, HSN International and PRC, including costs for employee terminations.
- (h) EBITDA is defined as operating income plus, (1) depreciation and amortization, (2) amortization of cable distribution fees of \$43,975 and \$36,322, respectively, (3) amortization of non-cash distribution and marketing expense and non-cash compensation expense and (4) disengagement expense of \$4.1 million in Q4 '01.

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USA INTERACTIVE AND SUBSIDIARIES
 EPS AND CASH NET INCOME RECONCILIATION INFORMATION
 UNAUDITED
 (\$ IN THOUSANDS, EXCEPT PER SHARE DATA)

| | THREE MONTHS ENDED D | |
|--|----------------------|-------|
| | PRO FORMA | P |
| | ----- | ----- |
| | 2001 | |
| | ----- | ----- |
| BASIC LOSS PER SHARE: | | |
| Net loss before preferred dividend | \$ (30,234) | \$ |
| Preferred Dividend | (3,265) | |
| | ----- | ----- |
| Net loss available to common shareholders | (\$ 33,499) | (|
| Impact of unusual items, net of tax and minority interest (a) | 8,354 | |
| | ----- | ----- |
| BASIC LOSS, EXCLUDING UNUSUAL ITEMS (a) | \$ (25,145) | \$ |
| | ===== | ===== |
| Weighted average basic shares | 412,753 | |
| | ===== | ===== |
| Basic loss per share before preferred dividend | \$ (.07) | \$ |
| | ----- | ----- |
| Basic loss per share before preferred dividend, ex. one-time items | \$ (.05) | \$ |

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| | | |
|---|-------------|----|
| | ===== | |
| Basic loss per share available to common shareholders | \$ (.08) | \$ |
| Basic loss per share available to common shareholders, ex. one-time items | \$ (.06) | \$ |
| | ===== | |
| ===== | | |
| CASH NET INCOME: | | |
| Net loss available to common shareholders | (\$ 33,499) | (|
| Impact of non-cash items, net of tax and minority interest | 68,743 | |
| 1.4% PIK dividend (b) | (3,721) | |
| Minority Interest | (843) | |
| | ----- | |
| CASH NET INCOME | 30,680 | |
| Impact of unusual items, net of tax and minority interest (a) | 9,834 | |
| | ----- | |
| CASH NET INCOME, EXCLUDING UNUSUAL ITEMS (a) | \$ 40,514 | \$ |
| | ===== | |
| Weighted average CNI shares | 410,485 | |
| | ===== | |
| Cash net income per share | \$.07 | \$ |
| | ===== | |
| Cash net income per share, excluding unusual items (a) | \$.10 | \$ |
| | ===== | |
| ===== | | |
| RECONCILIATION OF BASIC AND CASH NET INCOME OUTSTANDING SHARES | | |
| Basic weighted average shares | 412,753 | |
| Exchangeable Holdco shares | 33,217 | |
| Treasury Method Stock Options | 21,126 | |
| Vivendi shares treated as treasury (b) | (56,611) | |
| | ----- | |
| | 410,485 | |
| | ===== | |
| ===== | | |

- (a) Excludes one time charges and non-operating gains.
- (b) Cash net income shares exclude Vivendi's remaining 56.6 million shares, as the Company believes these shares should be viewed as treasury, although the amount of treasury shares will be lower at stock prices greater than \$40.82, as discussed in the Company's 8-K filing with the SEC dated December 17, 2001. The 1.4% PIK dividend on the preferred security that relates to these shares has been deducted from net income.

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| | TWELVE MONTHS ENDED | |
|---|---------------------|-------|
| | PRO FORMA | P |
| | ----- | ----- |
| | 2001 | |
| | ----- | |
| BASIC LOSS PER SHARE: | | |
| Net loss before preferred dividend | \$ (145,918) | \$ |
| Preferred Dividend | (13,059) | |
| | ----- | |
| Net loss available to common shareholders | (\$158,977) | (|
| Impact of unusual items, net of tax and minority interest (a) | 27,421 | |
| | ----- | |
| BASIC LOSS, EXCLUDING UNUSUAL ITEMS (a) | \$ (131,556) | \$ |
| | ===== | = |
| Weighted average basic shares | 409,715 | |
| | ===== | = |
| Basic loss per share before preferred dividend | \$ (.36) | \$ |
| | ----- | |
| Basic loss per share before preferred dividend, ex. one-time items | \$ (.29) | \$ |
| | ===== | = |
| | ----- | |
| Basic loss per share available to common shareholders | \$ (.39) | \$ |
| | ===== | = |
| Basic loss per share available to common shareholders, ex. one-time items | \$ (.32) | \$ |
| | ===== | = |
| ===== | | |
| CASH NET INCOME: | | |
| Net loss available to common shareholders | (\$158,977) | (|
| Impact of non-cash items, net of tax and minority interest | 286,925 | |
| 1.4% PIK dividend (b) | (14,884) | |
| | ----- | |
| Minority Interest | (4,937) | |
| | ----- | |
| CASH NET INCOME | 108,127 | |
| Impact of unusual items, net of tax and minority interest (a) | 29,812 | |
| | ----- | |
| CASH NET INCOME, EXCLUDING UNUSUAL ITEMS (b) | \$ 137,939 | \$ |
| | ===== | = |
| Weighted average CNI shares | 414,962 | |
| | ===== | = |
| Cash net income per share | \$.26 | \$ |
| | ===== | = |
| Cash net income per share, excluding unusual items (a) | \$.33 | \$ |
| | ===== | = |
| ===== | | |
| RECONCILIATION OF BASIC AND CASH NET INCOME OUTSTANDING SHARES | | |
| Basic weighted average shares | 409,715 | |

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| | |
|--|----------|
| Exchangeable Holdco shares | 33,217 |
| Treasury Method Stock Options | 28,641 |
| Vivendi shares treated as treasury (b) | (56,611) |
| | ----- |
| | 414,962 |
| | ===== |

- =====
- (a) Excludes one time charges and non-operating gains.
- (b) Cash net income shares exclude Vivendi's remaining 56.6 million shares, as the Company believes these shares should be viewed as treasury, although the amount of treasury shares will be lower at stock prices greater than \$40.82, as discussed in the Company's 8-K filing with the SEC dated December 17, 2001. The 1.4% PIK dividend on the preferred security that relates to these shares has been deducted from net income.
- =====

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USA NETWORKS, INC. AND SUBSIDIARIES
 BUSINESS SEGMENT INFORMATION - CONTINUING OPERATIONS
 UNAUDITED
 (\$ IN THOUSANDS)

| | THREE MONTHS ENDED DECEMBER 31 | |
|--|--------------------------------|--------------|
| | ACTUAL | ACTUAL |
| | 2001 | 2000 |
| | ----- | ----- |
| REVENUES - OPERATING BUSINESSES | | |
| Cable and studios | \$ 357,053 | \$ 422,133 |
| Electronic retailing - U.S. | 495,275 | 455,840 |
| Ticketing | 131,776 | 122,656 |
| Hotel reservations | 141,668 | 100,014 |
| Teleservices | 69,752 | 72,097 |
| Personals | 17,561 | 7,173 |
| | ----- | ----- |
| SUB-TOTAL | 1,213,085 | 1,179,913 |
| REVENUES - EMERGING BUSINESSES | | |
| Citysearch and related | 10,256 | 14,062 |
| Electronic Commerce Solutions/Styleclick | 12,448 | 13,413 |
| HSN - all consolidated international and other | 82,192 | 83,407 |
| USA Films | 37,476 | 20,536 |
| Trio, NWI, Crime, other emerging media | 5,961 | 7,470 |
| | ----- | ----- |
| SUB-TOTAL | 148,333 | 138,888 |
| Euro's exchange rate fluctuation (a) | (10,242) | (11,814) |
| Disengaged HSN homes (b) | -- | 6,229 |
| Intersegment Elimination | (4,701) | -- |
| | ----- | ----- |
| TOTAL | \$ 1,346,475 | \$ 1,313,216 |

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| | ===== | ===== |
|--|------------|------------|
| EBITDA - OPERATING BUSINESSES (c) | | |
| Cable and studios | \$ 126,855 | \$ 151,102 |
| Electronic retailing - U.S. | 75,667 | 73,758 |
| Ticketing | 21,473 | 24,419 |
| Hotel reservations | 22,858 | 17,637 |
| Teleservices | 6,221 | 11,048 |
| Personals | 7,604 | 1,379 |
| Corporate and other | (7,027) | (5,988) |
| | ----- | ----- |
| SUB-TOTAL | 253,651 | 273,355 |
| | | |
| EBITDA - EMERGING BUSINESSES (c) | | |
| Citysearch | (9,853) | (12,426) |
| Electronic Commerce Solutions/Styleclick | (7,803) | (16,752) |
| HSN - all consolidated international and other | (7,745) | 4,051 |
| USA Films | 1,930 | (621) |
| Trio, NWI, Crime, other emerging media | (4,359) | (2,518) |
| | ----- | ----- |
| SUB-TOTAL | (27,830) | (28,266) |
| | | |
| Restructuring charge and one-time items (d) | (6,249) | (3,187) |
| Euro's exchange rate fluctuation (a) | (218) | (1,454) |
| Disengaged HSN Homes (b) | -- | 856 |
| Intersegment Elimination | (2,521) | -- |
| | ----- | ----- |
| TOTAL | \$ 216,833 | \$ 241,304 |
| | ===== | ===== |

- (a) In order to present comparable results for HSN Germany, the results have been translated from Euros to U.S. dollars at a constant exchange rate.
- (b) Reflects estimated results generated by homes lost by HSN following disengagement of USA Broadcasting to Univision.
- (c) EBITDA is defined as operating income plus, (1) depreciation and amortization, (2) amortization of cable distribution fees of \$14,591 and \$10,987, respectively, (3) amortization of non-cash distribution and marketing expense and non-cash compensation expense and (4) disengagement expense of \$4.1 million in Q4 '01.
- (d) Represents non-recurring costs related to restructuring operations and employee terminations.

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USA NETWORKS, INC. AND SUBSIDIARIES
BUSINESS SEGMENT INFORMATION - CONTINUING OPERATIONS
UNAUDITED
(\$ IN THOUSANDS)

TWELVE MONTHS ENDED DECEMBER 31,

| ACTUAL | PRO FORMA (a) | ACTUAL |
|--------|---------------|--------|
| ----- | ----- | ----- |
| 2001 | 2000 | 2000 |
| ----- | ----- | ----- |

REVENUES - OPERATING BUSINESSES

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| | | | |
|--|--------------|--------------|--------------|
| Cable and studios | \$ 1,633,130 | \$ 1,525,124 | \$ 1,525,124 |
| Electronic retailing - U.S. | 1,658,904 | 1,527,042 | 1,527,042 |
| Ticketing | 579,679 | 518,565 | 518,565 |
| Hotel reservations | 536,497 | 327,977 | 327,977 |
| Teleservices | 298,678 | 282,120 | 212,471 |
| Personals | 49,249 | 29,122 | 29,122 |
| | ----- | ----- | ----- |
| SUB-TOTAL | 4,756,137 | 4,209,950 | 4,140,301 |
| REVENUES - EMERGING BUSINESSES | | | |
| Citysearch | 46,107 | 50,889 | 50,889 |
| Electronic Commerce Solutions/Styleclick | 34,230 | 48,492 | 46,603 |
| HSN - all consolidated international and other | 319,424 | 280,985 | 280,985 |
| USA Films | 167,038 | 86,084 | 86,084 |
| Trio, NWI, Crime, other emerging media | 24,086 | 20,332 | 20,332 |
| | ----- | ----- | ----- |
| SUB-TOTAL | 590,885 | 486,782 | 484,893 |
| | ----- | ----- | ----- |
| Euro's exchange rate fluctuation (b) | (46,855) | (35,271) | (35,271) |
| Disengaged HSN homes (c) | -- | 6,229 | 6,229 |
| Intersegment Elimination | (15,360) | -- | -- |
| | ----- | ----- | ----- |
| TOTAL | \$ 5,284,807 | \$ 4,667,690 | \$ 4,596,152 |
| | ===== | ===== | ===== |
| EBITDA - OPERATING BUSINESSES (d) | | | |
| Cable and studios | \$ 616,761 | \$ 547,684 | \$ 547,684 |
| Electronic retailing - U.S. | 231,507 | 229,582 | 229,582 |
| Ticketing | 106,248 | 100,025 | 100,025 |
| Hotel reservations | 81,449 | 52,641 | 52,641 |
| Teleservices | 34,299 | 44,626 | 35,165 |
| Personals | 16,512 | 6,241 | 6,241 |
| Corporate and other | (31,203) | (29,879) | (29,736) |
| | ----- | ----- | ----- |
| SUB-TOTAL | 1,055,573 | 950,920 | 941,602 |
| EBITDA - EMERGING BUSINESSES (d) | | | |
| Citysearch | (43,441) | (63,879) | (63,879) |
| Electronic Commerce Solutions/Styleclick | (53,591) | (71,193) | (60,227) |
| HSN - all consolidated international and other | (22,555) | 14,679 | 14,679 |
| USA Films | 1,973 | (6,592) | (6,592) |
| Trio, NWI, Crime, other emerging media | (11,467) | (7,120) | (7,120) |
| | ----- | ----- | ----- |
| SUB-TOTAL | (129,081) | (134,105) | (123,139) |
| | ----- | ----- | ----- |
| Restructuring charge and one-time items (e) | (23,272) | (4,685) | (4,685) |
| Euro's exchange rate fluctuation (b) | (1,200) | (3,939) | (3,939) |
| Disengaged HSN homes (c) | -- | 856 | 856 |
| Intersegment Elimination | (8,307) | -- | -- |
| | ----- | ----- | ----- |
| TOTAL | \$ 893,713 | \$ 809,047 | \$ 810,695 |
| | ===== | ===== | ===== |

- (a) Presented as if the acquisitions of Precision Response and Styleclick had occurred at the beginning of the period presented.
- (b) In order to present comparable results for HSN Germany, the results have been translated from Euros to U.S. dollars at a constant exchange rate.
- (c) Reflects estimated results generated by homes lost by HSN following disengagement of USA Broadcasting to Univision.
- (d) EBITDA is defined as operating income plus, (1) depreciation and amortization, (2) amortization of cable distribution fees of \$43,975 and

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\$36,322, respectively, (3) amortization of non-cash distribution and marketing expense and non-cash compensation expense and (4) disengagement expense of \$4.1 million in Q4 '01.

- (e) Represents non-recurring costs related to restructuring operations and employee terminations and benefits.

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USA NETWORKS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED
(\$ IN THOUSANDS, EXCEPT PER SHARE DATA)

| | THREE MONTHS ENDED D | |
|---|----------------------|-----------|
| | ACTUAL | PRO FORMA |
| | 2001 | 2000 |
| Revenues, net | \$ 1,346,475 | \$ 1,313, |
| Operating costs and expenses: | | |
| Costs related to revenues | 831,335 | 801, |
| Other costs and expenses | 298,307 | 270, |
| Disengagement costs (b) | 4,052 | |
| Amortization of non cash distribution and marketing expense (c) | 6,518 | 7, |
| Amortization of non cash compensation expense (d) | 7,281 | 5, |
| Amortization of cable distribution fees | 14,591 | 10, |
| Depreciation and amortization | 138,275 | 323, |
| Total operating costs and expenses | 1,300,359 | 1,419, |
| Operating income | 46,116 | (105, |
| Interest expense, net | (13,973) | (10, |
| Other, net | (26,440) | (18, |
| Earnings before income taxes and minority interest | 5,703 | (134, |
| Income tax expense | (37,686) | (26, |
| Minority interest | (24,965) | 82, |
| Net loss from continuing operations (e) | \$ (56,948) | \$ (77, |
| Loss from continuing operations, excluding one-time charges and non-operating gains (f) | (\$49,441) | (\$32, |
| Cash net income, excluding one-time charges and non-operating gains | \$ 33,440 | \$ 100, |
| Weighted average basic shares | 377,139 | 368, |

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| | | |
|---|------------|---------|
| Weighted average cash net income shares | 760,866 | 751, |
| | ===== | ===== |
| EPS FROM CONTINUING OPERATIONS | | |
| Basic loss per share | \$ (.15) | \$ (|
| | ===== | ===== |
| Basic loss per share, excluding one-time charges and non-operating gains | \$ (.13) | \$ (|
| | ===== | ===== |
| Cash net income per share, excluding one-time charges | \$.04 | \$ |
| | ===== | ===== |
| EBITDA (g) | \$ 216,833 | \$ 241, |
| | ===== | ===== |

- (a) Presented as if the merger of Ticketmaster and TMCS had occurred at the beginning of the period presented. The merger has no impact on revenues or EBITDA. Pro forma results reflect the impact of the merger on minority interest and income taxes.
- (b) Represents costs incurred related to the disengagement of HSN from the USA Broadcasting stations. Amounts primarily relate to payments to cable operators and related marketing expenses in the disengaged markets.
- (c) Amortization of warrants and stock issued in exchange for distribution and marketing services.
- (d) Expense relates to the Company's bonus stock purchase program, restricted stock awards and certain stock option grants.
- (e) Q4 '00 excludes the results of USA Broadcasting. The results for the discontinued operations was an after tax loss of \$17,988.
- (f) Represents non-recurring costs related to restructuring operations at HSN, HSN International and PRC, including costs for employee terminations.
- (g) EBITDA is defined as operating income plus, (1) depreciation and amortization, (2) amortization of cable distribution fees of \$14,591 and \$10,987, respectively, (3) amortization of non-cash distribution and marketing expense and non-cash compensation expense and (4) disengagement expense of \$4.1 million in Q4 '01.

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USA NETWORKS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED
(\$ IN THOUSANDS, EXCEPT PER SHARE DATA)

| | TWELVE MONTHS | |
|-------------------------------|---------------|--------------|
| | PRO FORMA (a) | ACTUAL |
| | ----- | ----- |
| | 2001 | 2001 |
| | ----- | ----- |
| Revenues, net | \$ 5,284,807 | \$ 5,284,800 |
| Operating costs and expenses: | | |
| Costs related to revenues | 3,208,430 | 3,208,430 |
| Other costs and expenses | 1,182,664 | 1,182,664 |
| Disengagement costs (c) | 4,052 | 4,052 |

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| | | |
|---|--------------|--------------|
| Amortization of non cash distribution and marketing expense (d) | 26,384 | 26,384 |
| Amortization of non cash compensation expense (e) | 12,712 | 12,712 |
| Amortization of cable distribution fees | 43,975 | 43,975 |
| Depreciation and amortization | 565,352 | 565,352 |
| | ----- | ----- |
| Total operating costs and expenses | 5,043,569 | 5,043,569 |
| | ----- | ----- |
| Operating income | 241,238 | 241,238 |
| Interest expense, net | (48,438) | (48,438) |
| Other, net | (59,636) | (59,636) |
| | ----- | ----- |
| Earnings before income taxes and minority interest | 133,164 | 133,164 |
| Income tax expense | (107,265) | (108,877) |
| Minority interest | (152,487) | (149,333) |
| | ----- | ----- |
| Loss from continuing operations (f) | \$ (126,588) | \$ (125,050) |
| | ===== | ===== |
| Loss from continuing operations, excluding one-time charges and non-operating gains (g) | (\$105,516) | (\$103,980) |
| | ===== | ===== |
| Cash net income, excluding one-time charges and non-operating gains | \$ 309,500 | \$ 311,030 |
| | ===== | ===== |
| Weighted average basic shares | 374,101 | 374,101 |
| | ===== | ===== |
| Weighted average cash net income shares | 765,343 | 765,343 |
| | ===== | ===== |
| EPS FROM CONTINUING OPERATIONS | | |
| Basic loss per share | \$ (.34) | \$ (.34) |
| | ===== | ===== |
| Basic loss per share, excluding one-time charges and non-operating gains | \$ (.28) | \$ (.28) |
| | ===== | ===== |
| Cash net income per share, excluding one-time charges | \$.40 | \$.40 |
| | ===== | ===== |
| EBITDA (h) | \$ 893,713 | \$ 893,713 |
| | ===== | ===== |

- (a) Presented as if the merger of Ticketmaster and TMCS had occurred at the beginning of the period presented. The merger has no impact on revenues or EBITDA. Pro forma results reflect the impact of the merger on minority interest and income taxes.
- (b) Presented as if the acquisitions of Precision Response and Styleclick had occurred at the beginning of the period presented.
- (c) Represents estimated costs incurred related to the disengagement of HSN from the USA Broadcasting stations. Amounts primarily relate to payments to cable operators and related marketing expenses in the disengaged markets.
- (d) Amortization of warrants and stock issued in exchange for distribution and marketing services.
- (e) Expense relates to the Company's bonus stock purchase program, restricted stock awards and certain stock option grants.

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- (f) 2001 loss from continuing operations is calculated before the impact of the cumulative effect of adoption of SOP 00-2, "Accounting by Producers and Distributors of Films", of \$9.2 million and the gain on sale of broadcasting stations, the sale of which to Univision was announced in December 2000. The Company recorded a gain of \$517.8 million in 2001 related to the sale. 2000 excludes the results of USA Broadcasting. The results for the discontinued operations in 2000 was an after tax loss of \$59.4 million.
- (g) Represents non-recurring costs related to restructuring operations at HSN, HSN International and PRC, including costs for employee terminations.
- (h) EBITDA is defined as operating income plus, (1) depreciation and amortization, (2) amortization of cable distribution fees of \$43,975 and \$36,322, respectively, (3) amortization of non-cash distribution and marketing expense and non-cash compensation expense and (4) disengagement expense of \$4.1 million in Q4 '01.

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USA NETWORKS AND SUBSIDIARIES
 EPS AND CASH NET INCOME RECONCILIATION INFORMATION - CONTINUING OPERATIONS
 UNAUDITED
 (\$ IN THOUSANDS, EXCEPT PER SHARE DATA)

| | THREE MONTHS ENDED DE | |
|--|-----------------------|-------------|
| | PRO FORMA | PRO FORMA |
| | 2001 | 2000 (a) |
| | ----- | ----- |
| BASIC LOSS PER SHARE: | | |
| Net loss | \$ (56,948) | \$ (77,540) |
| Impact of unusual items, net of tax and minority interest (b) | 7,507 | 44,639 |
| | ----- | ----- |
| BASIC LOSS, EXCLUDING UNUSUAL ITEMS (b) | \$ (49,441) | \$ (32,901) |
| | ===== | ===== |
| Weighted average basic shares | 377,139 | 368,264 |
| | ===== | ===== |
| Basic loss per share before preferred dividend | \$ (.15) | \$ (.21) |
| | ----- | ----- |
| Basic loss per share before preferred dividend, ex. one-time items | \$ (.13) | \$ (.09) |
| | ===== | ===== |
| ===== | | |
| CASH NET INCOME: | | |
| Net loss | \$ (56,948) | \$ (77,540) |
| Impact of non-cash items, net of tax and minority interest | 90,130 | 226,159 |
| Minority Interest | (15,033) | (61,473) |
| | ----- | ----- |
| CASH NET INCOME | 18,149 | 87,146 |
| Impact of unusual items, net of tax and minority interest (b) | 15,291 | 12,966 |
| | ----- | ----- |
| CASH NET INCOME, EXCLUDING UNUSUAL ITEMS (b) | \$ 33,440 | \$ 100,112 |
| | ===== | ===== |

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| | | |
|--|---------|---------|
| Weighted average CNI shares | 760,866 | 751,781 |
| | ===== | ===== |
| Cash net income per share | \$.02 | \$.12 |
| | ===== | ===== |
| Cash net income per share, excluding unusual items (b) | \$.04 | \$.13 |
| | ===== | ===== |

RECONCILIATION OF BASIC AND CASH NET INCOME OUTSTANDING SHARES

| | | |
|------------------------------------|---------|---------|
| Basic weighted average shares | 377,139 | 368,264 |
| Exchangeable LLC and Holdco shares | 361,153 | 361,153 |
| Treasury Method Stock Options | 22,574 | 22,364 |
| | ----- | ----- |
| | 760,866 | 751,781 |
| | ===== | ===== |

- (a) Presented as if the Ticketmaster and TMCS merger had occurred as of the beginning of the period. The merger had no impact on EBITDA, but did impact minority interest.
- (b) Excludes one time charges and non-operating gains.

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USA NETWORKS AND SUBSIDIARIES
 EPS AND CASH NET INCOME RECONCILIATION INFORMATION - CONTINUING OPERATIONS,
 BEFORE CUM. EFFECT OF ACCOUNTING CHANGE
 UNAUDITED
 (\$ IN THOUSANDS, EXCEPT PER SHARE DATA)

| | TWELVE MONTHS E | |
|--|-----------------|--------------|
| | PRO FORMA | ACTUAL |
| | ----- | ----- |
| | 2001 (a) | 2001 |
| | ----- | ----- |
| BASIC LOSS PER SHARE: | | |
| Net loss | \$ (126,588) | \$ (125,052) |
| Impact of unusual items, net of tax and minority interest (b) | 21,072 | 21,072 |
| | ----- | ----- |
| BASIC LOSS, EXCLUDING UNUSUAL ITEMS (b) | \$ (105,516) | \$ (103,980) |
| | ===== | ===== |
| Weighted average basic shares | 374,101 | 374,101 |
| | ===== | ===== |
| Basic loss per share before preferred dividend | \$ (.34) | \$ (.33) |
| | ----- | ----- |
| Basic loss per share before preferred dividend, ex. one-time items | \$ (.28) | \$ (.28) |
| | ===== | ===== |

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| | | |
|---|--------------|--------------|
| ===== | | |
| CASH NET INCOME: | | |
| Net loss | \$ (126,588) | \$ (125,052) |
| Impact of non-cash items, net of tax and minority interest | 198,951 | 198,951 |
| Minority Interest | 211,471 | 211,471 |
| | ----- | ----- |
| CASH NET INCOME | 283,834 | 285,370 |
| | | |
| Impact of unusual items, net of tax and minority interest (b) | 25,666 | 25,666 |
| | ----- | ----- |
| CASH NET INCOME, EXCLUDING UNUSUAL ITEMS (b) | \$ 309,500 | \$ 311,036 |
| | ===== | ===== |
| | | |
| Weighted average CNI shares | 765,343 | 765,343 |
| | ===== | ===== |
| | | |
| Cash net income per share | \$.37 | \$.37 |
| | ===== | ===== |
| | | |
| Cash net income per share, excluding unusual items (b) | \$.40 | \$.41 |
| | ===== | ===== |

=====

RECONCILIATION OF BASIC AND CASH NET INCOME OUTSTANDING SHARES

| | | |
|------------------------------------|---------|---------|
| Basic weighted average shares | 374,101 | 374,101 |
| Exchangeable LLC and Holdco shares | 361,153 | 361,153 |
| Treasury Method Stock Options | 30,089 | 30,089 |
| | ----- | ----- |
| | 765,343 | 765,343 |
| | ===== | ===== |

- =====
- (a) Presented as if the Ticketmaster and TMCS merger had occurred as of the beginning of the period. The merger had no impact on EBITDA, but did impact minority interest. Also, 2000 includes the results of PRC and Styleclick for the entire period.
- (b) Excludes one time charges and non-operating gains.
- =====

USA PROVIDES REVISED BUDGET TO INVESTMENT COMMUNITY
As filed with the Securities and Exchange Commission on January 29, 2002

Based on its strong fourth quarter results, additional information regarding the state of the travel and leisure markets, and to give pro forma effect for its pending contribution of USA Entertainment to a joint venture to be controlled by Vivendi Universal, USA Networks, Inc. ("USA" and to be renamed USA Interactive) has revised its 2002 budget and 2003 outlook from what it furnished to the SEC on October 24, 2001. The revised budget, which is presented in detail on the following pages, calls for EBITDA from Operating Businesses to increase by 34% in 2002 on 24% higher revenue.

READ IMPORTANT FOOTNOTES AND DISCLAIMER

As filed with the Securities and Exchange Commission on January 29, 2002.

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USA NETWORKS, INC. (to be renamed USA Interactive)
 REVISED BUDGET
 (\$ IN MILLIONS EXCEPT PER SHARE AMOUNTS)

| | PRO FORMA 2001 | 2002 REVISED BUDGET | | | |
|---------------------------------|-------------------|---------------------|----------|----------|------|
| | | Q1 | Q2 | Q3 | Q4 |
| REVENUE -- OPERATING BUSINESSES | | | | | |
| HSN - U.S. | \$ 1,550 | \$ 422 | \$ 418 | \$ 441 | \$ |
| Ticketing | 580 | 157 | 170 | 148 | |
| Hotel Reservations | 536 | 150 | 197 | 212 | |
| Expedia | 297 | 87 | 116 | 127 | |
| Precision Response | 299 | 69 | 78 | 88 | |
| Match.com | 49 | 18 | 22 | 23 | |
| SUBTOTAL | 3,311 | 903 | 1,000 | 1,039 | 1 |
| REVENUE -- EMERGING BUSINESSES | | | | | |
| Citysearch and related | 46 | 8 | 9 | 11 | |
| HSN - other international (b) | 319 | 87 | 95 | 99 | |
| ECS / Styleclick | 34 | 11 | 18 | 17 | |
| Subtotal | 400 | 106 | 123 | 126 | |
| Foreign exchange conversion | (47) | (17) | (15) | (15) | |
| Disengaged HSN homes | 109 | 0 | 0 | 0 | |
| Intersegment elimination | (7) | (3) | (3) | (3) | |
| TOTAL REVENUE | \$ 3,766 | \$ 989 | \$ 1,105 | \$ 1,147 | \$ 1 |
| EBITDA -- OPERATING BUSINESSES | | | | | |
| HSN - domestic | \$ 216 | \$ 58 | \$ 62 | \$ 70 | \$ |
| Ticketing | 106 | 32 | 39 | 27 | |
| Hotel Reservations | 81 | 18 | 28 | 29 | |
| Expedia | 61 | 16 | 23 | 27 | |
| Precision Response | 34 | 6 | 8 | 12 | |
| Match.com | 17 | 3 | 7 | 9 | |
| Corporate and other | (31) | (9) | (9) | (9) | |
| SUBTOTAL | 485 | 125 | 159 | 165 | |
| EBITDA -- EMERGING BUSINESSES | | | | | |
| Citysearch and related | (43) | (10) | (9) | (8) | |
| HSN - other international (b) | (23) | (1) | 2 | 2 | |
| ECS / Styleclick | (54) | (8) | (4) | (3) | |
| Subtotal | (120) | (19) | (11) | (9) | |
| Non-recurring items | (19) | 0 | 0 | 0 | |
| Foreign exchange conversion | (1) | (1) | (1) | (1) | |
| Disengaged HSN homes | 15 | 0 | 0 | 0 | |
| TOTAL EBITDA | \$ 359 | \$ 105 | \$ 148 | \$ 155 | \$ |

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EARNINGS PER SHARE - ALL AMOUNTS ARE DILUTED

| | | | | | |
|-----------------|---------|--------|---------|---------|----|
| Basic | \$ 0.22 | \$ -- | \$ 0.06 | \$ 0.07 | \$ |
| Cash net income | \$ 0.33 | \$0.04 | \$ 0.10 | \$ 0.11 | \$ |

GROWTH

| | OUTLOOK 2003 | '01 - '02 | '02 - '03 |
|---------------------------------|-----------------|-----------|-----------|
| REVENUE -- OPERATING BUSINESSES | | | |
| HSN - U.S. | \$ 2,070 | 19% | 12% |
| Ticketing | 680 | 7% | 10% |
| Hotel Reservations | 1,100 | 44% | 42% |
| Expedia | 560 | 51% | 24% |
| Precision Response | 416 | 12% | 25% |
| Match.com | 135 | 79% | 54% |
| | ----- | ----- | ----- |
| SUBTOTAL | 4,961 | 24% | 21% |
| REVENUE -- EMERGING BUSINESSES | | | |
| Citysearch and related | 70 | -13% | 75% |
| HSN - other international (b) | 491 | 27% | 21% |
| ECS / Styleclick | 117 | 120% | 56% |
| | ----- | ----- | ----- |
| Subtotal | 678 | 30% | 31% |
| Foreign exchange conversion | (72) | | |
| Disengaged HSN homes | 0 | | |
| Intersegment elimination | (10) | | |
| | ----- | ----- | ----- |
| TOTAL REVENUE | \$ 5,557 | 21% | 22% |
| | ===== | ===== | ===== |
| EBITDA -- OPERATING BUSINESSES | | | |
| HSN - domestic | \$ 350 | 32% | 23% |
| Ticketing | 145 | 18% | 16% |
| Hotel Reservations | 156 | 35% | 42% |
| Expedia | 120 | 50% | 31% |
| Precision Response | 61 | 19% | 50% |
| Match.com | 55 | 82% | 83% |
| Corporate and other | (36) | | |
| | ----- | ----- | ----- |
| SUBTOTAL | 851 | 34% | 31% |
| EBITDA -- EMERGING BUSINESSES | | | |
| Citysearch and related | (13) | | |
| HSN - other international (b) | 24 | | |
| ECS / Styleclick | (6) | | |
| | ----- | | |
| Subtotal | 5 | | |
| Non-recurring items | 0 | | |
| Foreign exchange conversion | (6) | | |
| Disengaged HSN homes | 0 | | |
| | ----- | ----- | ----- |
| TOTAL EBITDA | \$ 850 | 69% | 40% |
| | ===== | ===== | ===== |

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EARNINGS PER SHARE - ALL AMOUNTS ARE DILUTED

| | |
|-----------------|---------|
| Basic | \$ 0.52 |
| Cash net income | \$ 0.75 |

READ IMPORTANT FOOTNOTES AND DISCLAIMER

As filed with the Securities and Exchange Commission on January 29, 2002.

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USA NETWORKS, INC. (to be renamed USA Interactive)

REVISED BUDGET

(\$ IN MILLIONS EXCEPT PER SHARE AMOUNTS)

(\$ IN MILLIONS EXCEPT PER SHARE AMOUNTS)

| | REVISED BUDGET 2002 | OUTL 2002 |
|--|---------------------------|--------------|
| | ----- | ----- |
| FREE CASH FLOW | | |
| Total EBITDA | \$ 607 | \$ 8 |
| Capital expenditures | (135) | (1) |
| Taxes, including distributions to LLC partners | (264) | (2) |
| Cable distribution fees | (67) | (|
| Cash interest | 93 | 1 |
| HSN disengagement costs | (36) | (|
| Other, net (includes changes in working capital, investments, and other items) | (78) | (|
| | ----- | ----- |
| Total Free Cash Flow | \$ 120 | \$ 3 |
| | ===== | ===== |

| | | PRO 2002 |
|--|--|-------------|
| | | ----- |
| P&L | | |
| Total EBITDA | | \$ |
| Depreciation and other | | (|
| Amortization of intangibles and other non-cash charges | | (|
| Disengagement costs | | |
| Interest and other income / (expense) | | -- |
| Pre-tax net income / (loss) | | |
| Income tax expense | | |
| Minority interest benefit/ (expense) | | -- |
| Net income before preferred dividend | | \$ |
| Preferred dividend | | \$ |
| Net income available to common shareholders | | \$ |

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Holdco Minority Interest
1.4% PIK dividend on \$1.75 billion preferred interest, net of tax
Amortization of intangibles and other non-cash charges , net of tax and minority interest

Cash net income
EPS

EPS - diluted
Cash EPS - diluted

Average weighted average diluted shares outstanding
Average cash net income shares outstanding

RECONCILIATION OF SHARES

Shares outstanding
Holdco exchangeable shares
Vivendi remaining shares

READ IMPORTANT FOOTNOTES AND DISCLAIMER

As filed with the Securities and Exchange Commission on January 29, 2002.

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USA NETWORKS, INC. (to be renamed USA Interactive)
REVISED BUDGET
(\$ IN MILLIONS EXCEPT PER SHARE AMOUNTS)

IMPORTANT DISCLOSURES / LEGEND AND FORWARD LOOKING STATEMENTS / FOOTNOTES

- (a) 2001 PRO FORMA INFORMATION PRESENTED IN ACCORDANCE WITH THE NEW ACCOUNTING RULES, WHEREBY GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES ARE NOT AMORTIZED. THE AMOUNT OF AMORTIZATION OF GOODWILL RECORDED IN 2001 WAS \$215 MILLION. NET INCOME ALSO EXCLUDES ONE-TIME ITEMS RELATED TO ONE-TIME RESTRUCTURING CHARGES, EMPLOYEE TERMINATIONS AND BENEFITS AND INVESTMENT WRITE-DOWNS.
- (b) ADJUSTED EPS IS COMPUTED EXCLUDING VIVENDI'S REMAINING 56.6 MILLION SHARES AS WELL AS THE PIK OF 1.4% EARNED ON THE \$1.75 BILLION PREFERRED SECURITY THAT RELATES TO THESE SHARES. THE PIK (\$24.5 MILLION PRE-TAX) HAS BEEN DEDUCTED FROM INCOME.
- (c) THE COMPANY INTENDS TO ISSUE COMMON STOCK FOR ALL REMAINING EXCHANGEABLE HOLDCO SHARES (33.2 MILLION) UPON COMPLETION OF THE VIVENDI TRANSACTION, THUS ELIMINATING THE LLC AND HOLDCO STRUCTURES FOR REPORTING PURPOSES. THE AMOUNTS DENOTED AS FULLY CONVERTED REPRESENT THIS STRUCTURE.

USA and Expedia have filed a joint prospectus/proxy statement and will file other relevant documents concerning USA's acquisition of Expedia with the Securities and Exchange Commission ("SEC"). INVESTORS ARE URGED TO READ THE JOINT PROSPECTUS/PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED IN THE FUTURE WITH THE SEC BECAUSE THOSE DOCUMENTS CONTAIN IMPORTANT INFORMATION. Investors will be able to obtain such documents free of charge at the SEC's website at www.sec.gov. In addition, such documents may also be obtained free of charge by contacting USA Networks, Inc., 152 West 57th Street, New York, New York, 10019, Attention: Investor Relations, or Expedia, Inc., 13810 SE Eastgate Way, Suite 400, Bellevue, WA 98005, Attention: Investor Relations.

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USA has filed a preliminary proxy statement and will file other relevant documents concerning USA's contribution of its Entertainment Group to a joint venture with Vivendi Universal and certain related transactions with the Securities and Exchange Commission ("SEC"). INVESTORS ARE URGED TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED IN THE FUTURE WITH THE SEC BECAUSE THOSE DOCUMENTS CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION. Investors will be able to obtain such documents free of charge at the SEC's website at www.sec.gov. In addition, such documents may also be obtained free of charge by contacting USA Networks, Inc., 152 West 57th Street, New York, New York, 10019, Attention: Investor Relations.

INVESTORS SHOULD READ THE PROXY STATEMENT CAREFULLY WHEN AVAILABLE BEFORE MAKING ANY VOTING OR INVESTMENT DECISION CONCERNING THE PROPOSED TRANSACTIONS.

USA and its directors and officers may be deemed to be participants in the solicitation of proxies from USA shareholders to adopt the agreement providing for USA's contribution of its Entertainment Group to a joint venture with Vivendi Universal and the other related transactions described therein. A detailed list of the names and interests of USA's directors and executive officers is contained in the definitive proxy statement on Schedule 14A filed by SUA with the SEC on April 9, 2001. Copies of USA filings may be obtained free of charge at the SEC's website at www.sec.gov.

This revised budget contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are necessarily estimates reflecting the best judgment of the senior management of USA 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 should, therefore, be considered in light of various important factors, including those set forth herein and in the documents USA files with the Securities and Exchange Commission. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation: material adverse changes in economic conditions generally or in the markets served by USA, material changes in inflation, future regulatory and legislative actions affecting USA's operating areas, competition from others, product demand and market acceptance, the ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms, the ability to expand into and successfully operate in foreign markets, and obtaining and retaining skilled workers and key executives. The words "estimate," "project," "intend," "expect," "believe" and similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. USA does not undertake any obligation to update or revise these forward-looking statements, whether as a result of new information, future events or any other reason.

READ IMPORTANT FOOTNOTES AND DISCLAIMER

As filed with the Securities and Exchange Commission on January 29, 2002.

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USA NETWORKS, INC. (TO BE RENAMED USA INTERACTIVE)
PRO FORMA SEGMENT RESULTS
\$ IN MILLIONS; ROUNDING DIFFERENCES MAY EXIST. UNAUDITED.

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| REVENUE | 1999 | | 2000 | | | |
|----------------------------------|------------|----------|----------|----------|----------|------------|
| | YE 12/31 | Q1 | Q2 | Q3 | Q4 | YE 12/31 |
| OPERATING BUSINESSES | | | | | | |
| HSN - U.S.** | \$ 1,332.9 | \$ 358.5 | \$ 344.0 | \$ 368.8 | \$ 455.8 | \$ 1,527.0 |
| Ticketing | 442.7 | 128.0 | 143.0 | 124.9 | 122.7 | 518.6 |
| Hotel Reservations | 161.8 | 55.3 | 78.1 | 94.6 | 100.0 | 328.0 |
| Expedia (transaction pending) | 73.0 | 33.2 | 37.0 | 42.1 | 44.4 | 156.7 |
| Precision Response | 215.9 | 69.6 | 70.2 | 70.2 | 72.1 | 282.1 |
| Personals | 9.0 | 6.9 | 7.5 | 7.6 | 7.2 | 29.2 |
| SUB-TOTAL | 2,235.4 | 651.4 | 679.7 | 708.2 | 802.2 | 2,841.5 |
| EMERGING BUSINESSES | | | | | | |
| Citysearch and related | 27.3 | 10.1 | 12.8 | 14.0 | 14.0 | 50.8 |
| HSN - international and other | 175.7 | 69.6 | 60.8 | 67.2 | 83.4 | 281.0 |
| ECS/Styleclick | 55.4 | 12.5 | 10.1 | 12.5 | 13.4 | 48.5 |
| SUB-TOTAL | 258.4 | 92.2 | 83.6 | 93.6 | 110.9 | 380.3 |
| Non-recurring items | 6.9 | -- | -- | -- | -- | -- |
| Foreign exchange conversion | -- | (7.9) | (6.7) | (8.9) | (11.8) | (35.3) |
| Disengaged HSN Homes** | -- | 0.0 | 0.0 | 0.0 | 6.2 | 6.2 |
| Intersegment Elimination | -- | -- | -- | -- | -- | -- |
| TOTAL | \$ 2,500.7 | \$ 735.8 | \$ 756.6 | \$ 792.9 | \$ 907.5 | \$ 3,192.8 |
| USA ENTERTAINMENT | | | | | | |
| USA Network | \$ 757.7 | \$ 196.9 | \$ 207.9 | \$ 200.0 | \$ 199.4 | \$ 804.2 |
| Sci-Fi Channel | 198.5 | 62.4 | 70.7 | 64.1 | 77.8 | 274.9 |
| Studios, net | 348.6 | 119.6 | 110.5 | 71.0 | 144.9 | 446.0 |
| Trio, NWI, Crime, other emerging | 1.2 | 0.6 | 3.7 | 8.6 | 7.5 | 20.3 |
| USA Films | 82.1 | 30.3 | 20.8 | 14.5 | 20.5 | 86.1 |
| SUB-TOTAL | 1,387.9 | 409.8 | 413.5 | 358.1 | 450.1 | 1,631.5 |

| REVENUE | 2001 | | | | |
|-------------------------------|----------|----------|----------|----------|--------------|
| | Q1 | Q2 | Q3 | Q4 | YE 12/31 |
| OPERATING BUSINESSES | | | | | |
| HSN - U.S.** | \$ 385.4 | \$ 381.8 | \$ 396.4 | \$ 495.3 | \$ 1,549.9** |
| Ticketing | 150.1 | 163.9 | 133.9 | 131.8 | 579.7 |
| Hotel Reservations | 105.3 | 138.3 | 151.2 | 141.7 | 536.5 |
| Expedia (transaction pending) | 57.2 | 78.5 | 79.5 | 81.8 | 296.9 |
| Precision Response | 80.7 | 75.6 | 72.6 | 69.8 | 298.7 |
| Personals | 8.5 | 10.7 | 12.5 | 17.6 | 49.2 |
| SUB-TOTAL | 787.2 | 848.8 | 846.1 | 937.8 | 3,310.9 |

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EMERGING BUSINESSES

| | | | | | |
|-------------------------------|----------|----------|----------|------------|------------|
| Citysearch and related | 12.4 | 12.4 | 11.1 | 10.3 | 46.1 |
| HSN - international and other | 83.4 | 87.7 | 66.1 | 82.2 | 319.4 |
| ECS/Styleclick | 8.6 | 7.8 | 5.4 | 12.4 | 34.2 |
| | ----- | ----- | ----- | ----- | ----- |
| SUB-TOTAL | 104.4 | 107.9 | 82.6 | 104.9 | 399.8 |
| | ----- | ----- | ----- | ----- | ----- |
| Non-recurring items | -- | -- | | 0.0 | 0.0 |
| Foreign exchange conversion | (13.7) | (13.8) | (9.1) | (10.2) | (46.9) |
| Disengaged HSN Homes** | 0.0 | 0.0 | 0.0 | 0.0 | 109.0** |
| Intersegment Elimination | -- | (2.6) | (2.3) | (2.2) | (7.1) |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL | \$ 877.9 | \$ 940.3 | \$ 917.3 | \$ 1,030.3 | \$ 3,765.8 |
| | ===== | ===== | ===== | ===== | ===== |

USA ENTERTAINMENT

| | | | | | |
|----------------------------------|----------|----------|----------|----------|----------|
| USA Network | \$ 214.1 | \$ 220.6 | \$ 213.8 | \$ 184.7 | \$ 833.3 |
| Sci-Fi Channel | 69.3 | 70.0 | 63.1 | 71.4 | 273.9 |
| Studios, net | 151.5 | 152.5 | 121.1 | 100.9 | 526.0 |
| Trio, NWI, Crime, other emerging | 6.2 | 6.2 | 5.8 | 6.0 | 24.1 |
| USA Films | 51.0 | 62.6 | 16.0 | 37.5 | 167.0 |
| | ----- | ----- | ----- | ----- | ----- |
| SUB-TOTAL | 492.1 | 511.8 | 419.8 | 400.5 | 1,824.3 |
| | ----- | ----- | ----- | ----- | ----- |

THE FINANCIAL, STATISTICAL AND OTHER INFORMATION CONTAINED HEREIN IS UNAUDITED.

** Quarterly HSN disengagement amounts will be pro forma'd fully beginning in 2002.

As filed with the Securities and Exchange Commission on January 29, 2002.

THESE REVENUE FIGURES ARE PRO FORMA FOR PENDING EXPEDIA AND VIVENDI TRANSACTIONS.

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USA NETWORKS, INC. (TO BE RENAMED USA INTERACTIVE)

PRO FORMA SEGMENT RESULTS

\$ IN MILLIONS; ROUNDING DIFFERENCES MAY EXIST. UNAUDITED.

| EBITDA | 1999 | | 2000 | | | |
|--------|----------|-----|------|-----|-----|----------|
| | YE 12/31 | Q1 | Q2 | Q3 | Q4 | YE 12/31 |
| | ----- | --- | --- | --- | --- | ----- |

OPERATING BUSINESSES

| | | | | | | |
|--------------------|----------|---------|---------|---------|---------|----------|
| HSN - U.S.** | \$ 214.7 | \$ 49.4 | \$ 52.6 | \$ 53.9 | \$ 73.8 | \$ 229.6 |
| Ticketing | 93.3 | 27.4 | 31.6 | 16.7 | 24.4 | 100.0 |
| Hotel Reservations | 24.2 | 8.2 | 12.9 | 13.9 | 17.6 | 52.6 |

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| | | | | | | |
|-------------------------------|----------|---------|---------|---------|---------|----------|
| Expedia (transaction pending) | (44.3) | (21.3) | (12.4) | (2.2) | (2.9) | (38.8) |
| Precision Response | 30.4 | 9.5 | 11.9 | 12.2 | 11.0 | 44.6 |
| Personals | (0.4) | 0.9 | 1.7 | 2.3 | 1.4 | 6.3 |
| Corporate and other | (36.1) | (9.6) | (6.8) | (7.5) | (6.0) | (29.9) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| SUB-TOTAL | 281.7 | 64.4 | 91.4 | 89.3 | 119.4 | 364.5 |
| EMERGING BUSINESSES | | | | | | |
| Citysearch and related | (60.4) | (18.3) | (16.9) | (16.3) | (12.4) | (63.9) |
| HSN - international and other | 11.8 | 7.2 | 2.3 | 1.2 | 4.1 | 14.7 |
| ECS/Styleclick | (56.0) | (16.3) | (21.4) | (16.7) | (16.8) | (71.2) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| SUB-TOTAL | (104.6) | (27.4) | (36.1) | (31.8) | (25.1) | (120.4) |
| Non recurring items | -- | 6.3 | (7.8) | -- | (3.2) | (4.7) |
| Foreign exchange conversion | -- | (1.0) | (0.6) | (0.9) | (1.5) | (3.9) |
| Disengaged HSN Homes** | -- | 0.0 | 0.0 | 0.0 | 0.9 | 0.9 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTAL | \$ 177.0 | \$ 42.3 | \$ 46.9 | \$ 56.6 | \$ 90.5 | \$ 236.3 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

USA ENTERTAINMENT

| | | | | | | |
|----------------------------------|----------|---------|----------|---------|----------|----------|
| USA Network | \$ 312.1 | \$ 97.2 | \$ 105.3 | \$ 87.2 | \$ 105.6 | \$ 395.2 |
| Sci-Fi Channel | 68.9 | 24.2 | 24.9 | 22.4 | 30.2 | 101.7 |
| Studios, net | 46.1 | 17.5 | 9.1 | 8.8 | 15.4 | 50.8 |
| Trio, NWI, Crime, other emerging | (3.0) | (2.3) | (2.0) | (0.3) | (2.5) | (7.1) |
| USA Films | 6.4 | 2.2 | (2.3) | (5.8) | (0.6) | (6.6) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTAL | 430.5 | 138.8 | 134.9 | 112.3 | 148.0 | 534.0 |

EBITDA

2001

Q1 Q2 Q3 Q4 YE 12/31

OPERATING BUSINESSES

| | | | | | |
|-------------------------------|---------|---------|---------|---------|------------|
| HSN - U.S.** | \$ 51.7 | \$ 55.2 | \$ 48.9 | \$ 75.7 | \$ 216.5** |
| Ticketing | 30.2 | 35.5 | 19.0 | 21.5 | 106.2 |
| Hotel Reservations | 15.8 | 21.0 | 21.8 | 22.9 | 81.5 |
| Expedia (transaction pending) | 4.5 | 17.7 | 16.4 | 22.2 | 60.9 |
| Precision Response | 10.0 | 10.2 | 7.9 | 6.2 | 34.3 |
| Personals | 0.3 | 2.8 | 5.8 | 7.6 | 16.5 |
| Corporate and other | (7.9) | (8.2) | (8.1) | (7.0) | (31.2) |
| | ----- | ----- | ----- | ----- | ----- |
| SUB-TOTAL | 104.7 | 134.3 | 111.7 | 149.0 | 484.7 |

EMERGING BUSINESSES

| | | | | | |
|-------------------------------|--------|--------|--------|--------|---------|
| Citysearch and related | (11.8) | (11.0) | (10.8) | (9.9) | (43.4) |
| HSN - international and other | (0.8) | (1.6) | (12.4) | (7.7) | (22.6) |
| ECS/Styleclick | (16.9) | (14.5) | (14.4) | (7.8) | (53.6) |
| | ----- | ----- | ----- | ----- | ----- |
| SUB-TOTAL | (29.4) | (27.1) | (37.6) | (25.4) | (119.6) |
| Non recurring items | -- | (4.8) | (12.3) | (3.1) | (20.1) |
| Foreign exchange conversion | (0.9) | (1.0) | 0.9 | (0.2) | (1.2) |

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| | | | | | |
|------------------------|---------|----------|---------|----------|----------|
| Disengaged HSN Homes** | 0.0 | 0.0 | 0.0 | 0.0 | 15.0** |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL | \$ 74.3 | \$ 101.5 | \$ 62.7 | \$ 120.3 | \$ 358.8 |
| | ===== | ===== | ===== | ===== | ===== |

USA ENTERTAINMENT

| | | | | | |
|----------------------------------|----------|----------|----------|---------|----------|
| USA Network | \$ 112.2 | \$ 119.3 | \$ 113.7 | \$ 84.9 | \$ 430.1 |
| Sci-Fi Channel | 29.7 | 27.8 | 23.9 | 26.1 | 107.5 |
| Studios, net | 21.5 | 20.2 | 17.6 | 15.9 | 75.2 |
| Trio, NWI, Crime, other emerging | (1.7) | (2.4) | (3.1) | (4.4) | (11.5) |
| USA Films | (1.0) | 0.6 | 0.4 | 1.9 | 2.0 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL | 160.7 | 165.6 | 152.6 | 124.4 | 603.3 |

THE FINANCIAL, STATISTICAL AND OTHER INFORMATION CONTAINED HEREIN IS UNAUDITED.
 ** Quarterly HSN disengagement amounts will be pro forma'd fully beginning in 2002.

As filed with the Securities and Exchange Commission on January 29, 2002.

THESE EBITDA FIGURES ARE PRO FORMA FOR PENDING EXPEDIA AND VIVENDI TRANSACTIONS.

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USA NETWORKS, INC. (TO BE RENAMED USA INTERACTIVE)
 PRO FORMA RESULTS OF OPERATIONS (AS REPORTED)
 \$ IN MILLIONS; ROUNDING DIFFERENCES MAY EXIST. UNAUDITED.

| P&L | 1999 | | | 2000 |
|---|----------------|----------|----------|----------|
| | YE 12/31* | Q1* | Q2* | |
| | Date Reported: | 02/01/01 | 04/25/01 | 07/25/01 |
| Revenues, net | | 3,815.6 | 1,112.4 | 1,134.9 |
| Operating costs and expenses: | | | | |
| Costs related to revenues | | 2,301.7 | 665.6 | 676.3 |
| Other costs and expenses | | 855.1 | 244.9 | 264.1 |
| Amort. of non-cash distribution and marketing expense | | 0.0 | 1.6 | 1.3 |
| Depreciation | | 119.2 | 36.5 | 44.6 |
| Amortization of goodwill | | 374.0 | 108.0 | 110.5 |
| Total operating costs | | 3,650.1 | 1,056.5 | 1,096.8 |
| Operating income | | 165.4 | 55.9 | 38.0 |
| Interest expense, net | | (50.2) | (8.6) | (7.9) |
| Gain on disposition of television station | | 0.0 | 0.0 | 0.0 |
| Gain on sale of securities | | 89.7 | 0.0 | 0.0 |
| Other, net | | (4.9) | (0.6) | (1.9) |
| | | 34.6 | (9.2) | (9.8) |

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| | | | | |
|---|----------|----------|----------|----|
| Earnings before income taxes and minority interest | 200.1 | 46.7 | 28.2 | |
| Income tax expense | (83.9) | (30.3) | (29.6) | |
| Minority interest | (136.7) | (40.4) | (30.2) | |
| Loss before cumulative effect of accounting change | (20.5) | (23.9) | (31.6) | |
| Cumulative effect of accounting change, net of tax | 0.0 | 0.0 | 0.0 | |
| Net loss from continuing operations | (20.5) | (23.9) | (31.6) | |
| Weighted average diluted shares | 352.6 | 361.9 | 363.6 | |
| Weighted average fully converted shares | 745.8 | 752.5 | 724.7 | |
| Basic earnings per share | \$ (.06) | \$.07 | \$ (.09) | \$ |
| Diluted earnings per share | \$ (.06) | \$.07 | \$ (.09) | \$ |
| Fully converted earnings per share | \$.12 | \$.01 | \$ (.02) | \$ |
| EBITDA | 658.7 | 201.9 | 194.4 | |
| Excluding one-time charges and non-operating gains: Basic and diluted earnings per share | \$ (.11) | \$ (.07) | \$ (.07) | \$ |
| Cash net income earnings per share | | \$.11 | \$.17 | \$ |
| Fully converted earnings per share | \$.05 | \$ (.01) | \$ (.01) | \$ |
| Fully converted cash net income earnings per share | | \$.09 | \$.11 | \$ |
| P&L | | | 2001 | |
| | Q1* | Q2* | Q3* | |
| Date Reported: | 04/25/01 | 07/25/01 | 10/24/01 | 01 |
| Revenues, net | 1,315.7 | 1,371.4 | 1,256.3 | 1 |
| Operating costs and expenses: | | | | |
| Costs related to revenues | 800.2 | 831.7 | 746.7 | |
| Other costs and expenses | 285.4 | 290.5 | 312.5 | |
| Amort. of non-cash distribution and marketing expense | 8.0 | 6.6 | 5.2 | |
| Depreciation | 48.7 | 57.6 | 51.2 | |
| Amortization of goodwill | 100.2 | 100.8 | 103.0 | |
| Total operating costs | 1,242.5 | 1,287.3 | 1,218.6 | 1 |
| Operating income | 73.2 | 84.2 | 37.7 | |

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| | | | | |
|---|----------|----------|----------|----|
| Interest expense, net | (11.4) | (12.9) | (10.1) | |
| Gain on disposition of television station | 0.0 | 0.0 | 0.0 | |
| Gain on sale of securities | 0.0 | 0.0 | 0.0 | |
| Other, net | (6.5) | (13.7) | (12.9) | |
| | (17.9) | (26.6) | (23.1) | |
| Earnings before income taxes and minority interest | 55.3 | 57.5 | 14.7 | |
| Income tax expense | (25.5) | (22.8) | (21.9) | |
| Minority interest | (49.3) | (45.0) | (33.2) | |
| Loss before cumulative effect of accounting change | (19.5) | (10.3) | (40.4) | |
| Cumulative effect of accounting change, net of tax | (9.2) | 0.0 | 0.0 | |
| Net loss from continuing operations | (28.7) | (10.3) | (40.4) | |
| Weighted average diluted shares | 370.2 | 373.8 | 376.4 | |
| Weighted average fully converted shares | 758.0 | 763.4 | 737.6 | |
| Basic earnings per share | \$ (.05) | \$ (.03) | \$ (.11) | \$ |
| Diluted earnings per share | \$ (.05) | \$ (.03) | \$ (.08) | |
| Fully converted earnings per share | \$.02 | \$.03 | \$ (.01) | |
| EBITDA | 230.1 | 249.3 | 197.1 | |
| Excluding one-time charges and non-operating gains: Basic and diluted earnings per share | \$ (.05) | \$ (.02) | \$ (.08) | \$ |
| Cash net income earnings per share | \$.16 | \$.20 | \$.13 | \$ |
| Fully converted earnings per share | \$.02 | \$.04 | (.01) | |
| Fully converted cash net income earnings per share | \$.12 | \$.14 | \$.10 | |

* AS REPORTED. MAY NOT AGREE WITH PROFORMA REVENUE AND EBITDA RESULTS ABOVE.

THE FINANCIAL, STATISTICAL AND OTHER INFORMATION CONTAINED HEREIN IS UNAUDITED.

As filed with the Securities and Exchange Commission on January 29, 2002.

THIS P&L DOES NOT GIVE AFFECT TO PENDING EXPEDIA AND VIVENDI TRANSACTIONS.

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| | 2000 | | | | | Q1 |
|---------------------------------------|-------|-------|-------|-------|-------|------|
| | Q1 | Q2 | Q3 | Q4 | YE | |
| HSN-US | | | | | | |
| Units shipped | 8.5 | 8.1 | 8.6 | 10.0 | 35.2 | 8. |
| Gross profit % | 34.9% | 35.7% | 35.8% | 33.6% | 34.9% | 33.5 |
| Return rate | 20.6% | 19.4% | 19.8% | 18.8% | 19.6% | 19.6 |
| Product mix: | | | | | | |
| Homegoods | 49% | 46% | 48% | 54% | 50% | 50 |
| Jewelry | 24% | 27% | 26% | 24% | 25% | 25 |
| Health / Beauty | 13% | 15% | 12% | 10% | 12% | 11 |
| Apparel / Accessories | 14% | 12% | 14% | 12% | 13% | 14 |
| HSN cable / DBS HH (end of period) | 62.3 | 63.5 | 64.9 | 65.9 | 65.9 | 68. |
| HSN total HH (end of period) | 75.5 | 76.7 | 76.2 | 77.1 | 77.1 | 80. |
| America's Store FTE's (end of period) | 8.5 | 8.8 | 8.9 | 8.8 | 8.8 | 8. |

THE FINANCIAL, STATISTICAL AND OTHER INFORMATION CONTAINED HEREIN IS UNAUDITED.

As filed with the Securities and Exchange Commission on January 29, 2002.

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USA NETWORKS, INC. (TO BE RENAMED USA INTERACTIVE)
 OPERATING METRICS
 IN MILLIONS EXCEPT REVENUE PER TICKET AND PERCENTAGES.

| | 1999 | 2000 | | | | | Q1 |
|----------------------------------|---------|--------|--------|--------|--------|---------|--------|
| | YE | Q1 | Q2 | Q3 | Q4 | YE | |
| TICKETMASTER | | | | | | | |
| Number of tickets sold (mm) | 75.0 | 21.8 | 22.3 | 20.2 | 18.7 | 83.0 | 23.6 |
| Gross value of tickets sold (mm) | \$2,781 | \$ 812 | \$ 881 | \$ 782 | \$ 782 | \$3,256 | \$ 937 |
| Share of tickets sold online | 13.4% | 19.6% | 25.5% | 25.6% | 27.9% | 24.5% | 29.5% |
| Revenue per ticket | \$ 5.25 | \$5.44 | \$5.89 | \$5.67 | \$5.87 | \$ 5.71 | \$5.96 |

THE FINANCIAL, STATISTICAL AND OTHER INFORMATION CONTAINED HEREIN IS UNAUDITED.

As filed with the Securities and Exchange Commission on January 29, 2002.

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USA NETWORKS, INC. (TO BE RENAMED USA INTERACTIVE)
OPERATING METRICS

| | 1999 | 2000 | | | | | |
|------------------------------------|-------|-------|--------|--------|--------|--------|--------|
| | YE | Q1 | Q2 | Q3 | Q4 | YE | Q1 |
| HOTEL RESERVATIONS NETWORK | | | | | | | |
| Hotel room nights sold (thousands) | 1,229 | 429 | 587 | 717 | 700 | 2,433 | 799 |
| Affiliates (including TravelNow) | | 6,000 | 10,500 | 13,400 | 16,200 | 16,200 | 18,649 |
| Properties | 1,500 | 1,750 | 1,925 | 2,100 | 2,600 | 2,600 | 3,084 |
| Cities served | 40 | 49 | 60 | 83 | 97 | 97 | 135 |

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As filed with the Securities and Exchange Commission on January 29, 2002

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USA NETWORKS, INC. (TO BE RENAMED USA INTERACTIVE)
OPERATING METRICS
IN THOUSANDS

| | CY 2000 (a) | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | |
| EXPEDIA (TRANSACTION PENDING) | | | | | | |
| Total gross bookings (b) | \$401,000 | \$450,000 | \$467,000 | \$475,000 | \$674,000 | \$800,000 |
| Total transactions (c) | 1,022 | 1,186 | 1,306 | 1,318 | 1,780 | |
| Average monthly Media Metrix reach (d) | 5,933 | 6,819 | 6,389 | 5,417 | 6,969 | |
| Expedia.com conversion (e) | 3.8% | 4.1% | 4.8% | 6.0% | 5.7% | |
| Expedia new purchasing customers (f) | 355 | 447 | 464 | 504 | 671 | |
| Expedia cumulative purchasing customers (g) | 1,518 | 1,965 | 2,428 | 2,932 | 3,603 | |
| Expedia quarterly unique purchasing customers (h) | 540 | 670 | 741 | 790 | 1,007 | |

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- a Expedia's fiscal year end is June 30. Presented here as Calender Year Ended December 31.
- b Gross bookings represents the total value of travel booked through the Expedia, VacationSpot, and WWTE sites.
- c Transactions represents the number of reservations and purchases transacted through the Expedia and WWTE sites.
- d Average monthly Media Metrix reach represents the unduplicated reach for the Expedia and VacationSpot sites.
- e Conversion represents the monthly average Expedia.com unique monthly purchasers divided by the monthly average Media Metrix reach for the Expedia.com site.
- f Expedia new purchasing customers represents the number of new customers transacting through the Expedia sites in a quarter.
- g Expedia cumulative purchasing customers represents the cumulative number of customers that have ever transacted through the Expedia sites as of the end of a quarter.
- h Expedia quarterly unique purchasing customers represents the number of unique customers transacting through the Expedia sites over the course of a quarter.

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USA NETWORKS, INC. (TO BE RENAMED USA INTERACTIVE)
OPERATING METRICS

OPERATING ESTIMATES (PRO FORMA FOR PENDING TRANSACTIONS)
FOR THE NEXT TWELVE MONTHS (ROUNDED)

| | |
|---|-------------|
| Primary consumer web sites | 15 |
| Average number of new customers added daily | 30,000 |
| Active / registered customers | 17 million |
| Customer database | 65 million |
| | |
| Customer inbound telephone minutes | 1 billion |
| Customer inbound telephone calls | 315 million |
| Orders processed | 75 million |
| Credit card transactions | 60 million |
| Items shipped | 40 million |
| | |
| In-house merchants | 200 |
| Merchandise SKUs processed | 60,000 |
| Telephone operator positions | 10,000 |
| Ticketing outlets | 3,430 |
| Call centers | 34 |
| Fulfillment center square feet | 2.5 million |

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USA NETWORKS, INC. (TO BE RENAMED USA
INTERACTIVE)

OPERATING METRICS

IN MILLIONS

CAPITALIZATION (pro forma for pending transactions)
(AS OF 1/23/02)

| Ticker (NASDAQ) | USAI |
|---|----------------|
| USAi Common Stock | 307.5 |
| USAi Class B | 49.6 |
| USAi Exchangeable Common Stock | 31.6 |
| USAi Exchangeable Class B | 1.6 |
| | ----- |
| Total Shares Outstanding | 390.3 |
| Estimated dilutive options (treasury method) | 25.0 |
| | ----- |
| Fully diluted shares | 415.3 |
| | ===== |
| Outstanding equity cap | \$10.2 billion |
| Fully diluted equity cap | \$10.8 billion |

EXCLUDES VIVENDI'S REMAINING 56.6 MILLION SHARES PRO FORMA THE PENDING TRANSACTION, AS THE COMPANY BELIEVES THESE SHARES SHOULD BE VIEWED AS TREASURY, ALTHOUGH THE AMOUNT OF SHARES TREATED AS TREASURY WILL BE LOWER AT STOCK PRICES GREATER THAN \$40.82, AS DISCUSSED IN USA'S 8-K FILING WITH THE SEC DATED DECEMBER 17, 2001.

BUSINESS MIX (pro forma for pending transaction)

| | |
|---------------------------|-----|
| Revenue sources (Q4 '01): | |
| Merchandise | 55% |
| Online travel/hotel rooms | 22% |
| Ticketing | 13% |
| Teleservices / ECS | 8% |
| Personals | 2% |

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| | |
|--|------------------------|
| Commerce | ----- 100% ===== |
| Interactive (online and TV) (% of total) | 85% |
| International (% of total) | 12% |

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