EXPEDIA INC
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FOR IMMEDIATE RELEASE May 1, 2003

USA REPORTS EXCELLENT FIRST QUARTER

Adjusted EPS Grows 155% to $0.16; GAAP EPS of $(0.23)
EBITA Grows 120% to $173 million; Operating Income Grows 236% to $93 million
Free Cash Flow and Net Cash Provided by Operating Activities Exceed $400 million

	Q1 2003	Q1 2002	Growth
	$ in millions, except per share		
Gross Transaction Value(a)	$ 4,141	$ 2,782	49%
Revenue(a)	$ 1,392	$ 1,007	38%
EBITA(b)	$ 173	$ 79	120%
Operating Income(c)	$ 93	$ 28	236%
GAAP Diluted EPS(c)	$ (0.23)	$ (1.04)	78%
Adjusted EPS(b)	$ 0.16	$ 0.06	155%

(a)
Gross Transaction Value and revenue herein are presented on a pro forma basis reflecting the Vivendi transaction and USA's initial acquisition of a majority stake in Expedia as if those transactions had been completed as of January 1, 2002. Please see page 9 for definitions.

(b)
EBITA and Adjusted EPS are presented on a pro forma basis reflecting the Vivendi transaction, the roll-ups of USANi LLC and Home Shopping Network, Inc., USA's initial acquisition of a majority stake in Expedia, the Ticketmaster merger, the pending Expedia merger and the pending Hotels.com merger as if those transactions had been completed as of January 1, 2002, and reflect continuing operations and exclude one-time items. 2002 data is not pro forma for the acquisitions of TV Travel Shop, Interval and EPI. Please see page 9 for definitions and pages F-1, F-2 and F-4 for full reconciliations for 2003 and 2002 from EBITA to Operating Income, and from Adjusted Net Income to Net Income. USA executive management believes that certain non-GAAP measures, including EBITA, Adjusted Net Income and Adjusted EPS, are helpful, when presented in conjunction with comparable GAAP measures. The non-GAAP measures are not meant to replace or supersede the GAAP measures, but rather to supplement the information to present the readers of the financial statements the same information as management considers in assessing the results of operations and

performance of the business units. See pages 9-11 for a full discussion of the non-GAAP measures that USA has utilized in this release.

(c)

Operating Income and GAAP Diluted EPS are presented on an actual basis. See pages F-1, F-2 and F-4 for further detail.

(d)

As has been disclosed in previous public filings, Liberty Media Corporation has pre-emptive rights with respect to its ownership in USA such that it has the right to purchase common shares from USA in order to maintain its ownership percentage in USA in the event USA issues common

stock. Since Liberty's pre-emptive rights with respect to the Expedia and the Hotels.com mergers are pending, the figures presented herein assume that Liberty has not exercised its pre-emptive right with respect to either transaction.

NEW YORK, May 1, 2003 USA Interactive reported results for its quarter ended March 31, 2003.

USA has simplified its corporate structure, with its completed buy-in of Ticketmaster and the announced buy-ins of Expedia and Hotels.com. These transactions further enhance USA's ability to operate its subsidiaries to the fullest extent. This is the first quarter that USA is reporting pro forma the results of all three companies as 100%-owned subsidiaries of USA.

Travel Services, Ticketing, and HSN International led USA's strong quarter. Travel Services gross bookings increased 75% in the face of war, and Ticketing gross value of transactions increased 27%. Results were offset somewhat by Personals, which invested aggressively in marketing during the quarter.

USA expects to meet or exceed its FY 2003 Adjusted EPS budget of $0.75(d), though we do not expect to achieve growth rates similar to the first quarter in the second, third, and fourth quarters. Due to non-cash charges which include a charge of $245 million to the book value of USA's common interest in VUE (see page 2 for more detail), we anticipate that FY 2003 GAAP Diluted EPS will be significantly lower than budget.

FINANCIAL RESULTS

NET INCOME/ADJUSTED NET INCOME

Adjusted Net Income generally captures all income statement items that are ultimately settled in cash. The following table shows the reconciliation from Net Income to Adjusted Net Income. All results are pro forma, as described on page 1. See pages F-1 and F-2 for full details on actual and adjusted results.

	Q1 2003	Q1 2002	Growth
		$ in millions	
Diluted net income	$ (112.1)	$ (438.6)	74%
Pro forma adjustments(a)	(17.3)	(64.5)	73%
One-time items(b)	1.3	461.4	-100%
Pro forma adjusted diluted net income	(128.1)	(41.6)	-208%
Amortization of non-cash compensation	68.1	65.7	4%
Amortization of non-cash distribution and marketing	10.5	11.0	-5%
Amortization of other intangibles (non-cash)	57.1	46.7	22%
Equity (income)/loss from 5.44% common interest in VUE(c)	243.3		NM

	Q1 2003	Q1 2002	Growth
Less: related tax and minority interest	(140.9)	(38.7)	-264%
Adjusted Net Income	$ 110.1	$ 43.1	156%
Adjusted EPS	$ 0.16	$ 0.06	155%

(a) See footnotes (a) and (b) on page 1 for explanation of pro forma adjustments and pages F-1 and F-2 for detail.

(b) One-time items in 2003 are related to costs incurred by Expedia and Ticketmaster for investment banking, legal and accounting fees related directly to the mergers. These costs were incurred solely in relation to the mergers, but may not be capitalized since Expedia and Ticketmaster were considered the targets in the transaction for accounting purposes. These costs do not directly benefit operations in any manner, would not normally be recorded by USA if not for the fact it

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already consolidated these entities, and are all related to the same transaction, as USA simultaneously announced its intention to commence its exchange offers for the companies in 2002. The majority of costs are for advisory services provided by investment bankers, and the amounts incurred in 2003 were pursuant to the same fee letters entered into by each company in 2002. One-time items in 2002 reflect the cumulative effect of accounting related to the adoption of the new rules for goodwill.

(c) During the quarter, USA received the audited financial statements of Vivendi Universal Entertainment LLLP ("VUE") for the year ended December 31, 2002, which disclosed that VUE recorded an impairment charge for goodwill and intangible assets and other long-lived assets of $4.5 billion in the period May 7, 2002 to December 31, 2002 based upon VUE management's review of the estimated fair value of VUE as of December 31, 2002. Because of delays in VUE's financial reporting, USA records its 5.44% proportionate share of the results of VUE on a one-quarter lag. The charge taken by USA was approximately $245 million, before a tax benefit of $96 million. USA holds preferred and common interests in VUE. USA believes the action taken by Vivendi Universal does not affect the value of USA's preferred interests in VUE, which are senior to the common interests in VUE, and the terminal value of which, pursuant to the VUE agreements, do not vary based on the value of VUE's businesses. USA's 5.44% common interest is generally subject to a call right of Universal Studios beginning in 2007, and a put right of USA beginning in 2010, in both cases based generally on private market values at the time. The VUE agreements provide that a call or put would be valued at private market valuations. While a private market value of VUE in today's environment would likely yield a value for USA's common interests below USA's initial carrying value, as market valuations of media assets have declined since the close of the VUE transaction, USA continues to believe that the value of its common interests in VUE is attainable over the long-term and that the impairment charge recorded by VUE does not necessarily indicate an impairment in the value of the assets on a long-term basis, but that simply USA must apply the conventions of US GAAP and record its proportionate share of the results of VUE as prepared by VUE management.

NET CASH PROVIDED BY OPERATING ACTIVITIES / FREE CASH FLOW

Net cash provided by operating activities includes Ticketmaster's net cash collected on behalf of clients. Management does not include this cash in its analysis of available cash and it is therefore excluded from Free Cash Flow.

	Q1 2003
	$ in millions
Net Cash Provided by Operating Activities	$ 463.7
Capital expenditures	(31.8)
Ticketmaster net cash collected on behalf of clients	(22.6)
Preferred dividend paid	(3.3)

	Q1 2003
Free Cash Flow	$ 406.0

While the strength of USA's Q1 free cash flow stems in large part from robust business performance, we do not expect free cash flow to grow over the remainder of the year at the rate experienced in Q1, which benefited from a number of factors. We experienced increases cash flow as a result of an increase in working capital of $223 million, primarily from the seasonally strong sale of merchant hotel rooms by Expedia and Hotels.com. In addition, Q1 free cash flow benefited from timing related increases in working capital, including at HSN U.S.

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SEGMENT RESULTS

USA has modified slightly how it looks at segment operating results to reflect our recent corporate simplification. Please see page F-3 for revenue, EBITA and Operating Income by business unit, and page F-4 for full reconciliations of EBITA to Operating Income:

	Q1 2003	Q1 2002	Growth
		$ in millions	
REVENUE			
Travel Services(a)	$ 545.1	$ 281.7	93%
Electronic Retailing(b)	530.2	460.3	15%
Information & Services:			
Ticketing	195.1	153.4	27%
Personals	40.9	25.4	61%
Local Services	8.4	7.3	15%
Teleservices	71.4	70.1	2%
Other(c)	1.0	9.2	-89%
Total	$ 1,392.1	$ 1,007.4	38%
EBITA(d)			
Travel Services(a)	$ 103.7	$ 55.7	86%
Electronic Retailing(b)	50.1	27.0	86%
Information & Services:			
Ticketing	41.4	24.0	72%
Personals	2.7	5.6	-52%
Local Services	(6.8)	(10.4)	35%
Teleservices	0.2	(3.2)	NM
Corporate	(13.3)	(10.3)	-29%
Other(c)	(5.1)	(9.9)	49%
Total	$ 173.0	$ 78.5	120%
OPERATING INCOME(e)			
Travel Services(a)	$ 69.9	$ 31.6	121%
Electronic Retailing(b)	33.1	15.3	116%
Information & Services:			

	Q1 2003	Q1 2002	Growth
Ticketing	34.3	21.5	59%
Personals	0.6	2.9	-79%
Local Services	(19.4)	(22.5)	14%
Teleservices	0.2	(3.2)	NM
Corporate	(19.0)	(12.3)	-54%
Other(c)	(6.2)	(5.6)	-12%
Total	$ 93.5	$ 27.8	236%

(a) The acquisition of Interval closed on September 24, 2002 and, as such, results from Interval are not included in Travel Services for the prior year's period. Excluding the results from Interval in the current period, revenue and EBITA and Operating Income growth for Travel Services would have been 74%, 56% and 88%, respectively. Total revenue, EBITA and Operating Income growth would have been 33%, 99%, and 199%, respectively. Revenue for 2002 includes the pro forma impact of Expedia of $35.5 million.

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(b) HSN International primarily drove the growth in Electronic Retailing. HSN-U.S. grew revenues, EBITA and Operating Income 5%, 8% and (11)% respectively. Please refer to page 6 for further detail.

(c) Other includes ECS/Styleclick, interactive development, and intersegment elimination.

(d) See page 9 for definition and pages F-4 for reconciliation between EBITA and Operating Income.

(e) Operating Income is presented on an actual basis, with no pro forma adjustments.

CAPITALIZATION

USA management looks at its capitalization as shown below. USA has cash, securities, debt and preferred stock on its balance sheet, which have been adjusted as follows: 1) Cash is adjusted to exclude net cash collected on behalf of clients by Ticketmaster and to reflect exercise of Liberty's pre-emptive right related to Ticketmaster merger; 2) Securities in VUE are adjusted to reflect the estimated after-tax present value of these securities; 3) Preferred stock is adjusted to reflect the face value of the security (amounts in millions):

	As of 3/31/03		
	Balance Sheet Carrying Value	Adjustment	As Adjusted
Cash and marketable securities(a)	$ 3,866	$ 91(b)	$ 3,957
Securities in VUE	2,737	(534)(c)	2,203(c)
Available cash and cash equivalents	6,603	(443)	6,160
Long-term debt(d)	(1,206)		(1,206)
Preferred stock	(0)	(656)(e)	(656)
Net cash and securities	$ 5,397	$ (1,099)	$ 4,298

	As of 3/31/03	
	As of 4/15/03	
	Actual	Pro Forma(g)
Shares outstanding(f):		
Basic shares outstanding	514.9	652.0
Treasury method options, warrants and restricted stock	23.4	58.8
Diluted shares outstanding	538.3	710.8
Market Capitalization	$ 15,132	$ 19,979

(a) Cash includes $270.2 million in deferred merchant bookings at Expedia and $112.1 million in deferred revenue at Hotels.com.

(b) Cash is adjusted to exclude $129 million in net cash collected on behalf of clients by Ticketmaster and to include receipt of $220 million in cash received from Liberty on April 7, 2003 in relation to exercise of its pre-emptive right related to Ticketmaster merger.

(c) Adjustment reflects estimated present value of taxes on the VUE securities related to USA's gain on the Vivendi transaction, net of write-down related to USA's common interest in VUE. USA believes that the value of its common interest in VUE is attainable over the long-term and that the impairment charge recorded by VUE does not necessarily indicate an impairment in the value of the assets on a long-term basis (see footnote (c) on page 2 for further detail). The As Adjusted amount is the same as USA reported in its Q4 results.

(d) Amounts exclude $128.2 million of redeemable equity interests issued by Euvia that are due in 2006. Euvia has the right to extend maturity to 2016, and the amount is only due to the holder to

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the extent sufficient funds at Euvia are available. Otherwise, the instrument is on par with Euvia's common equity interests. Also includes $750.0 million of debt issued in December 2002, which is due in January 2013.

(e) The balance sheet carrying value of the convertible preferred stock issued in the Expedia transaction is based on par value, which is $0.01 per share or approximately $131,000. The adjustment is made to reflect the face value of the security, or $50 per share.

(f) Fully diluted shares includes Vivendi's remaining 56.6 million shares that may be delivered to USA in connection with USA's Series B preferred interest in VUE.

(g) Pro forma adjustments reflect pending Expedia merger and pending Hotels.com merger.

RESTRICTED STOCK AND DILUTIVE SECURITIES

USA has outstanding approximately 3.8 million shares of restricted stock (pro forma for the pending Expedia merger and the pending Hotels.com merger) which vest principally over a period of two to five years, including 3.4 million shares issued in 2003. USA also has several tranches of dilutive securities (warrants, convertible preferred, and options), including securities initially issued by subsidiaries, which have been, or will be, converted to USA securities. USA's significant issuances are as follows (amounts in millions, except per share):

	Avg. Strike	USA Shares
Warrants		
USA Warrants Issued in Vivendi Transaction	$ 27.50	24.2
USA Warrants Issued in Vivendi Transaction	$ 32.50	24.2
USA Warrants Issued in Vivendi Transaction	$ 37.50	12.1
USA Warrants Issued in Expedia transaction	$ 35.10	14.6
Expedia Warrants Issued in Expedia Transaction(a)(b)	$ 13.39	24.3
Ticketmaster Warrants(a)(c)	$ 32.09	2.8
Ticketmaster Warrants(a)(c)	$ 64.17	1.4
Hotels.com Performance Warrants(a)(d)	$ 19.79	5.3
Convertible Preferred(e)	$ 33.75	19.4
Options	$ 11.03	126.8

(a) Represents number of warrants/options times exchange ratio; exercise price divided by exchange ratio.

(b) Pending Expedia merger.

(c) Converted to USA warrants/options in Ticketmaster merger.

(d) Pending Hotels.com merger. Includes all earned and unearned performance warrants.

(e) If USA's stock price exceeds $35.10, the initial conversion price of $33.75 is subject to a downward adjustment (see proxy filed 11/13/01 for more information). The maximum number of USA common shares the security is convertible into is approximately 25.7 million. The convertible preferred has a face value of $656 million and is included in USA's capitalization table (see above); the underlying shares are excluded from the share count.

DISCUSSION OF OPERATING RESULTS

TRAVEL SERVICES

For the quarter, Travel Services revenue increased 93% to $545.1 million from $281.7 million, and EBITA increased 86% to $103.7 million from $55.7 million, despite being adversely impacted by the

effects of the war. Growth was driven by strong results at Expedia and Hotels.com. Expedia's revenue increased 71% on strong air and hotel bookings; merchant room night stays increased 72%. Expedia's sale of packages also contributed significantly, growing 137% from the prior year period. Hotels.com's revenue grew 67% on a 63% increase in room nights stayed, while EBITA margins dropped from 15.2% to 11.8% due to higher advertising and promotion expense, which was $12.1 million in Q1 2003 vs. $4.6 million in Q1 2002. While bookings in late March and early April have been adversely affected by the war, bookings through April suggest that we are tracking well against budgeted revenue.

Highlights:

Expedia continues to grow its merchant hotel inventory and now has agreements with 9,500 properties. Expedia strengthened its relationships with Six Continents and Hilton by announcing marketing agreements whereby the hotel chains will offer Expedia customers enhanced access to their inventory.

Expedia furthered its relationship with USA sister company Ticketmaster; tickets for 17 NBA and NHL teams were available on Expedia during the winter season.

Expedia topped the online travel category in the American Customer Satisfaction Index ranking of e-commerce sites, was rated best in category by Consumer Reports' online travel report, and was named one of Forbes Magazine's "Best of the Web".

The Hotels.com branded website has continued its success in the first four months of 2003, with several recent days in excess of 38% of total daily bookings, while at the same time Hotels.com grew its number of affiliates in the quarter by 42%.

Hotels.com signed a three-year agreement with Amtrak, under which Amtrak reservation agents will transfer its customers who desire discount lodging to Hotels.com.

Metrics:

	Q1 2003	Q1 2002	Growth
EXPEDIA			
Gross Bookings(mm)			
Total gross bookings(a)	$ 1,802	$ 1,107	63%
Agency gross bookings	1,190	797	49%
Merchant gross bookings (includes CCV)	612	310	97%
CCV gross bookings	74	18	311%
International gross bookings	195	85	129%
North America gross bookings	1,607	1,022	57%
Additional Metrics (000s)			
Revenue from packages	60,308	25,456	137%
Total room nights stayed	3,462	2,042	70%
Merchant room nights stayed	2,825	1,644	72%
Merchant hotel average daily rate	$ 127.00	$ 118.00	8%
Customers (000s)			
New purchasing customers (000s)(b)	1,838	1,316	40%
Cumulative purchasing customers (000s)(c)	14,197	7,610	87%
Unique purchasing customers (000s)(d)	2,707	1,874	44%

(a) Gross bookings represent the total value of travel booked through the Expedia, WWTE sites, Classic Custom Vacations and Metropolitan Travel since acquisition.

(b) Expedia new purchasing customers represents the number of new customers transacting through the Expedia sites in a quarter.

(c) 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.

(d)

Expedia quarterly unique purchasing customers represents the number of unique customers transacting through the Expedia sites over the course of a quarter.

	Q1 2003	Q1 2002	Growth
HOTELS.COM			
Room nights stayed (net of cancels) (000s)	2,301	1,408	63%
Average daily rate	$ 116.00	$ 115.70	0%
Affiliates (including TravelNow)	36,659	25,755	42%
Cities served	362	218	66%
U.S.	203	146	39%
International	159	72	121%
Properties under contract	8,081	6,058	33%
INTERVAL(a)			
Active members	1,522,249	1,359,146	12%
Total confirmations	224,508	220,079	2%
Share of confirmations online	13.2%	8.2%	
TV TRAVEL SHOP (Households)(a)	11.3	N/A	

(a) Not owned by USA in prior year's period.

ELECTRONIC RETAILING

For the quarter, Electronic Retailing revenue increased 15% to $530.2 million from $460.3 million, and EBITA increased 86% to $50.1 million from $27.0 million. Growth was driven by strong results at HSN International, including a 42% increase in revenue at HSE Germany, and a $30.8 million revenue contribution from Euvia, which exceeded expectations due to strong call volume and an override commission. Euvia results were not included in the year-ago period. HSN International also benefited from favorable exchange rates, as the sales increase at HSE Germany in local currency was 16%.

HSN-U.S. increased revenue by 5% and EBITA by 8%, which was close to our Q1 EBITA budget. HSN-U.S. benefited from an increase in gross margins to 36.5% from 35.4% in the prior year period. Electronic Retailing experienced revenue growth despite softer sales in the period surrounding the war in Iraq.

Highlights:

HSN.com increased sales 32% and achieved a 21% gain in active customers over last year.

Off-air sales were strong in Q1. AutoShip grew 26%, led by the Andrew Lessman ingestibles and from auto-ship sales on hsn.com. Upsells increased 25%, led by strong growth in the home category.

HSN launched a number of new products in Q1 including new jewelry offerings by Raquel Welch and Debra McGuire (stylist for the hit NBC show *Friends*); food and kitchen items from Michael Chairello and Burt Wolf; handbags from Bill Blass; Home Fashions by Beverly Murphy; the new Intel Centrino wireless processor and the introduction of a pet products category, Pampered Pets.

Metrics:

	Q1 2003	Q1 2002	Growth
HSN U.S. (Households as of end of period)			
Units Shipped(mm)	10.4	9.8	6%
Gross Profit %	36.5%	35.4%	110 bps
Return Rate	18.0%	18.9%	
Average price point	$ 43.98	$ 44.62	-1%
Product mix:			
Home Hard Goods(a)	30%	32%	
Home Fashions	8%	7%	
Jewelry	22%	24%	
Health/Beauty	28%	24%	
Apparel/Accessories	12%	13%	
HSN total homes(mm)	79.5	74.9	6%
HSN FTES(mm)(b)	69.8	65.6	6%
America's Store total FTEs(mm)(b)	9.6	10.2	-6%
HSN.com % of Sales	14%	11%	

(a) Home Hard Goods includes electronics, computers, and other home goods. Formerly called Home Licensing.

(b) FTEs reflect a 50% weighting of DBS homes, in order to more accurately reflect the actual performance of these subs and adjust for the impact of their significant growth as a percentage of total HSN distribution.

	Q1 2003	Q1 2002	Avg. Hrs. Daily	3/31/03 Stake
HSN INTERNATIONAL (Households as of end of period)				
HSE Germany (includes Austria/Switzerland)	30.9	29.8	16	90%
TVSN (China)(a)	64.0	80.0	1	21%
Shop Channel (Japan)	14.9	11.9	17	30%
Euvia:(b)				
Euvia Travel(c)	29.4	26.3	2.4	49%
Neun Live(c)	27.7	26.3	9.6	49%

(a) Formerly reported in terms of households airing at least 14 hours per week.

(b) Not owned by USA in prior year's period.

(c) It is expected that HOT Networks will convey a 3% interest in Euvia to a former shareholder, in which case HSN's effective stake in Euvia would be reduced to 45.6%.

TICKETING

For the quarter, Ticketmaster revenue increased 27% to $195.1 million from $153.4 million, and EBITA increased 72% to $41.4 million from $24.0 million. Revenue growth was driven by an increase in tickets sold and higher revenue per ticket. A 9% increase in domestic tickets sold and a 30% increase in international tickets sold was primarily due to strength in Ireland and Canada and sales in the Netherlands and Denmark not included in the prior period, offset by a 2% decrease in tickets sold in the U.K., principally due to the effects of the war in Iraq which reduced the number of live events that went on sale. Online sales reached their highest levels ever at 47.4% for the quarter, up from

37.8% in Q1 2002. Domestic growth was also driven by an increase in summer concert ticket on-sales in the U.S., as promoters shifted sale of summer concert tickets in anticipation of the war in Iraq. As such, some of the volume increases in the first quarter are expected to be offset by declines in the second quarter from originally expected levels of ticket sales.

Highlights:

Ticketmaster set new records in March, selling over 10 million tickets and surpassing the previous monthly record by more than 1 million, and Ticketmaster.com experienced its four highest days of online ticket sales.

Ticketmaster signed a multi-year deal to become a preferred online ticketing provider to Major League Baseball Advanced Media and acquired certain ticketing assets of Hawaii's leading live event ticketing company.

ReserveAmerica, Ticketmaster's campground reservations company, extended its agreement with California State Parks for five years and expanded it to include the launch of day use ticketing.

Metrics:

	Q1 2003	Q1 2002	Growth
TICKETMASTER			
Number of tickets sold(mm)	27.1	23.9	13%
Gross value of tickets sold(mm)	$ 1,265	$ 997	27%
Share of tickets sold online	47.4%	37.8%	

PERSONALS

For the quarter, Personals revenue increased 61% to $40.9 million from $25.4 million, while EBITA declined 52% to $2.7 million from $5.6 million. The lower EBITA is primarily attributable to higher sales and marketing expenses in the quarter of $19.3 million, a 138% increase over the prior year period. Paid member count on Match.com at the end of the quarter increased to 766.6 thousand from 724.8 thousand at the end of 2002. Paid member counts are not expected to increase sequentially in Q2, as Q2 is seasonally weak for the personals business. While Q1 paid member growth increased strongly from the prior year period, a higher termination rate has led to a reduction in the paid member count on Match.com in March. The higher termination rate is believed to have resulted from a shift towards shorter-lived products in response to a company promotion that has since been discontinued. The termination rate has improved in Q2 to date. The number of paid subscribers at the end of the second quarter is expected to drop on a sequential basis but is still expected to substantially increase compared to the prior year period. Match.com is expecting to increase its paid member count in the second half of the year as the company further emphasizes longer-lived products and as a new product roll-out is expected to increase the number of new and renewal subscribers.

Highlights:

During the quarter, USA further solidified its position as a category leader in online paid personals as Match.com introduced wireless, video and voice services.

Match.com launched the revolutionary "Personal Attraction Test," an innovative, entertaining and highly individualized program to assess compatibility for matchmaking.

Match was selected by Forbes' editors as the best online dating site in their recent Best of the Web Feature (March 26, 2003).

Match.com expanded its international offerings, signing deals with T-Online in Germany, Eresmas in Spain, AOL UK, and Univision Online to provide Spanish-language online personals in the U.S. Match.com also shifted its international business model from a "stamp" model, in which members pay per contact, to a subscription model, which the company believes promotes longer-term memberships and a higher lifetime value per subscriber.

On April 4th, USA completed its acquisition of uDate.com for approximately $150 million in stock. Pro forma for that transaction, USA would have had over 918,000 subscribers at the end of Q1.

Metrics:

	Q1 2003	Q1 2002	Growth
MATCH.COM(a)			
Paid Subscribers (000s)	766.6	527.7	45%
New Registrations (000s)	3,429.8	2,911.7	18%
New Subscriptions (000s)	361.4	342.4	6%
Conversion rate registrations to subscriptions	10.5%	11.8%	

(a) The operating metrics and financial results presented for Match.com include the impact of Soulmates, acquired on April 12, 2002. The 2002 operating metrics and financial information do not include Soulmates.

LOCAL SERVICES

For the quarter, Local Services revenue increased 15% to $8.4 million from $7.3 million, and EBITA improved to a loss of $6.8 million from a loss of $10.4 million. Excluding the results of EPI which was acquired March 25, 2003, and is not included in the prior year, revenue decreased by 1% and EBITA improved to a loss of $6.1 million.

Highlights:

On April 15, 2003 Citysearch launched the internet's first local pay for performance ("PFP") product, which increased productivity of sales agents by 3-4 times in initial test markets. As of the end of Q1, Citysearch had 8,700 total customer locations, 1,000 of which were PFP locations. Since launching local PFP on April 15, Citysearch now has 13,000 total customer locations, of which 5,500 are local PFP locations. This was driven mainly by several large accounts which each contributed a significant number of locations. Our goal is to increase to 25,000 customer locations by the end of 2003, driven mainly by an increase in local PFP locations.

OTHER ITEMS

The quarter's results include estimated non-cash charges related to the pending Expedia and Hotels.com transactions, which are subject to finalization following the close of the transactions. These charges consist of non-cash compensation expense related to expense for the fair value of unvested options assumed by USA in the transactions, and non-cash amortization related to step-up in basis of the assets to be acquired.

DEFINITIONS

Please note several definition changes: (1) the definition of Free Cash Flow has been slightly altered from USA's most recent disclosure to exclude net cash collected on behalf of clients by Ticketmaster, and (2) Adjusted Net Income, Adjusted EPS and EBITA do not exclude non-recurring items other than one-time items.

Adjusted Net Income generally captures all income statement items that have been, or will ultimately be, settled in cash and is defined as net income available to common shareholders plus: (1) amortization of non-cash distribution and marketing expense, (2) amortization of non-cash compensation expense, (3) amortization of intangibles (and goodwill in 2001), net of related tax and minority interest expense, (4) equity income or loss from USA's 5.44% interest in VUE, (5) pro forma adjustments and (6) one-time items. See page 2 for more detail. *Adjusted EPS* is defined as Adjusted Net Income divided by fully diluted shares outstanding for Adjusted EPS purposes (see pages F-1, F-2, F-3 and F-4 for details).

Free Cash Flow is defined as Net Cash Provided by Operating Activities, less capital expenditures, investments to fund HSN International unconsolidated operations, net cash collected on behalf of clients by Ticketmaster and preferred dividends paid. Free cash flow also includes cash received and tax payments related to the VUE securities.

EBITA is defined as operating income plus (1) amortization of non-cash distribution, marketing, and compensation expense, (2) amortization of other intangibles, (3) disengagement related payments to cable operators and marketing expenses related to the transfer of HSN's distribution to cable (which has been accomplished), (4) pro forma adjustments and (5) one-time items.

NON-GAAP FINANCIAL MEASURES

The SEC recently issued guidance regarding the use of non-GAAP financial measures, which are defined as a numerical measures of a registrant's historical or future financial performance, financial position or cash flows that:

exclude amounts, or are subject to adjustments that have the effect of excluding