

USA INTERACTIVE
Form S-4
June 05, 2003

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As Filed with the Securities and Exchange Commission on June 5, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

USA INTERACTIVE

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

4833
(Primary Standard Industrial
Classification Code Number)

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

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

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

**David G. Ellen
Deputy General Counsel
USA Interactive
152 West 57th Street
New York, New York 10019
(212) 314-7300**

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

Copies to:

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

**Robert J. Flemma, Jr.
LendingTree, Inc.
11115 Rushmore Drive
Charlotte, North Carolina 28277
(704) 541-5351**

**Sean M. Jones
Kennedy, Covington, Lobdell &
Hickman, LLP
Hearst Tower
214 North Tryon Street
Charlotte, North Carolina 28202
(704) 331-7400**

**Howard Chatzinoff
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
(212) 310-8000**

Approximate Date of Commencement of Proposed Sale to the Public: As soon as practicable after this registration statement becomes effective and upon completion of the merger described in the enclosed proxy statement/prospectus.

If the securities registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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

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

Calculation of Registration Fee

| Title of Each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Share | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|--|-------------------------|---|---|----------------------------|
| Common Stock, par value \$0.01 per share | 22,289,132(1) | N/A | \$511,535,580(2) | \$41,384(3) |

- (1) Based on the maximum number of shares of common stock, par value \$0.01 per share, of the registrant ("USA common stock") that may be issued in connection with the merger described in the enclosed proxy statement/prospectus, calculated as the product of (a) 35,956,012 (the sum of (i) 23,354,967 shares of common stock, par value \$0.01 per share, of LendingTree, Inc. ("LendingTree common stock") outstanding on May 30, 2003, (ii) 6,556,198 shares of LendingTree common stock, this being the maximum number of shares of LendingTree common stock into which the 5,925,247 shares of preferred stock, par value \$0.01 per share, of LendingTree, Inc. ("LendingTree preferred stock") outstanding as of May 30, 2003 are convertible prior to the merger; and (iii) 5,934,286 shares of LendingTree common stock reserved for issuance upon the exercise of LendingTree common stock options and common stock warrants outstanding on May 30, 2003) and (iv) 110,561 shares of LendingTree common stock, this being the maximum number of shares of LendingTree common stock issuable to participants in LendingTree's Employee Stock Purchase Plan (as of May 30, 2003), multiplied by (b) 0.6199, the exchange ratio in the merger. Outstanding shares exclude shares of LendingTree common stock or LendingTree preferred stock held by LendingTree or any subsidiary of LendingTree.
- (2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f) and Rule 457(c) under the Securities Act, based on the product of (a) 22,289,132, multiplied by (b) \$22.95, the average of the high and low sale prices for shares of LendingTree common stock as reported on the Nasdaq National Market on May 29, 2003.
- (3) Reflects the product of (a) 0.00008090 multiplied by (b) the Proposed Maximum Aggregate Offering Price for shares of USA common stock.

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

Subject to Completion, dated June 5, 2003

The information in this proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.

Dear Stockholders:

LendingTree, Inc. has entered into a merger agreement that would result in LendingTree becoming a wholly owned subsidiary of USA Interactive.

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If LendingTree and USA complete the merger, each outstanding share of LendingTree common stock will be exchanged for 0.6199 of a share of USA common stock, and each share of LendingTree preferred stock (other than shares held by holders who validly perfect appraisal rights under Delaware law) will be exchanged for the number of shares of USA common stock that the holder would have received had such preferred stock been converted into LendingTree common stock immediately before the merger. In the transaction, USA expects to issue approximately 18.3 million basic shares of USA common stock and approximately 21 million shares on a fully diluted, treasury method basis, representing approximately 4.0% of the USA common stock outstanding as of May 15, 2003.

USA common stock is listed on the Nasdaq National Market under the symbol "USAI," and LendingTree common stock is listed on the Nasdaq National Market under the symbol "TREE." Based upon the closing price of USA common stock on the Nasdaq National Market on _____, 2003, the last practicable trading day date before the printing of this proxy statement/prospectus, 0.6199 of a share of USA common stock had a value of \$ _____. You should be aware that, because the number of shares of USA common stock you will receive in the merger is based on a fixed exchange ratio, the value of the consideration you will receive will fluctuate as the market price of USA common stock changes.

We cannot complete the merger unless, among other things, LendingTree's stockholders approve the merger agreement and a related amendment to the preferred stock certificate of designations that is a part of LendingTree's certificate of incorporation to facilitate the merger. LendingTree will hold a special meeting of stockholders to consider and vote upon both of these items on _____, _____, 2003, beginning at 9:00 a.m., local time, at its principal executive office located at 11115 Rushmore Drive, Charlotte, North Carolina 28277.

YOUR VOTE IS VERY IMPORTANT. Regardless of the number of shares you own or whether you plan to attend the special meeting, it is important that your shares be represented and voted. Voting instructions are inside.

The board of directors of LendingTree unanimously recommends that LendingTree stockholders vote "FOR" approval of the merger agreement and "FOR" approval of the charter amendment.

The accompanying proxy statement/prospectus and notice of special meeting of stockholders explains the proposed merger and charter amendment and provides specific information concerning the special meeting. Please read these materials carefully.

Please see "Risk Factors" beginning on page 16 for a discussion of matters that LendingTree stockholders should consider before voting at the special meeting relating to an investment in USA common stock.

Sincerely,

Douglas R. Lebda
Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the USA common stock to be issued in the merger or determined if the information contained in this document is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this proxy statement/prospectus is _____, 2003, and it is first being mailed or otherwise delivered to LendingTree stockholders on or about _____, 2003.

LendingTree, Inc.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON _____, _____, 2003

NOTICE IS HEREBY GIVEN that LendingTree, Inc. will hold a special meeting of stockholders at LendingTree's principal executive office located at 11115 Rushmore Drive, Charlotte, North Carolina 28277 on _____, _____, 2003, beginning at 9:00 a.m., local time, for the purpose of transacting the following business:

1. To consider and vote upon a proposal to approve an amendment to the preferred stock certificate of designations of LendingTree's Series A 8% Convertible Preferred Stock that is part of the certificate of incorporation of LendingTree, Inc. (a copy of which is attached to this proxy statement/prospectus as Appendix A).

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2. To consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of May 5, 2003, by and among USA Interactive, Forest Merger Corp. and LendingTree, Inc. (a copy of which is attached to this proxy statement/prospectus as Appendix B).
3. To transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

We describe these items more fully in the proxy statement/prospectus attached to this notice, which we urge you to read. Please give your careful attention to all of the information in the proxy statement/prospectus. As of the date of this notice, LendingTree's board of directors knows of no business to be conducted at the special meeting other than proposals 1 and 2 above.

The board of directors of LendingTree unanimously recommends that LendingTree stockholders vote "FOR" approval of the charter amendment and "FOR" approval of the merger agreement.

Holders of record of shares of LendingTree common stock and LendingTree preferred stock at the close of business on _____, 2003 will be entitled to vote at the special meeting or any adjournment or postponement.

Approval of the charter amendment is a condition to the completion of the merger. The approval by the holders of shares of LendingTree common stock and LendingTree preferred stock representing a majority of the total voting power of the outstanding LendingTree common stock and LendingTree preferred stock entitled to vote, voting as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock having one vote for each share of LendingTree common stock into which it is then convertible, is required to approve the charter amendment and the merger agreement. In addition, the approval by the holders of 68.5% of the outstanding shares of LendingTree preferred stock, voting as a separate class, is required to approve the charter amendment. Stockholders of LendingTree who as of the record date for the special meeting held, in the aggregate, shares representing approximately [31.2]% of the total voting power of the outstanding LendingTree common stock and LendingTree preferred stock, voting together as a single class with the LendingTree preferred stock voting on an as-converted basis, and approximately [71.8]% of the voting power of the outstanding LendingTree preferred stock, have agreed with USA to vote their shares in favor of approval of the charter amendment and the merger agreement at the special meeting.

All LendingTree stockholders are cordially invited to attend the special meeting. Whether or not you expect to attend the special meeting in person, please complete, date, sign and return the enclosed proxy card(s) as promptly as possible to ensure your representation at the special meeting. We have enclosed a postage prepaid envelope for that purpose. Please note that LendingTree is providing separate proxy cards for holders of LendingTree common stock and LendingTree preferred stock and that any stockholder who holds both LendingTree common stock and LendingTree preferred stock

should receive two different proxy cards, both of which the stockholder will need to complete, sign, and return to have all shares of LendingTree common stock and LendingTree preferred stock held by such holder represented by proxy at the special meeting. It is important that you return your proxy to ensure the satisfaction of the quorum requirements for the conduct of business at the special meeting of stockholders. Any LendingTree stockholder may revoke its proxy in the manner described in the proxy statement/prospectus at any time before the proxy has been voted at the special meeting. Even if you have given your proxy, you may still vote in person if you attend the special meeting. Please do not send LendingTree any stock certificates at this time.

We encourage you to vote on these very important matters. Your vote at the special meeting is very important.

By Order of the Board of Directors
Robert J. Flemma, Jr.
Secretary

Charlotte, North Carolina

, 2003

IMPORTANT

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This document, which is sometimes referred to as this proxy statement/prospectus, constitutes a proxy statement of LendingTree to LendingTree stockholders and a prospectus of USA for the shares of USA common stock that USA will issue to LendingTree stockholders in the merger. As permitted under the rules of the U.S. Securities and Exchange Commission, or the SEC, this proxy statement/prospectus incorporates important business and financial information about USA, LendingTree and their affiliates that is contained in documents filed with the SEC and that is not included in or delivered with this proxy statement/prospectus. You may obtain copies of these documents, without charge, from the website maintained by the SEC at www.sec.gov, as well as other sources. See "Where You Can Find More Information" beginning on page 108. You may also obtain copies of these documents, without charge, from USA and from LendingTree by writing or calling:

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

Attention: Corporate Secretary

LendingTree, Inc.
11115 Rushmore Drive
Charlotte, North Carolina 28277
(704) 541-5351

Attention: Secretary

You may also obtain documents incorporated by reference into this document by requesting them in writing or by telephone from Innisfree M&A Incorporated, the information agent for the merger, at the following address and telephone number:

501 Madison Avenue, 20th Floor
New York, New York 10022
[TELEPHONE] (collect)
[TELEPHONE] (toll-free)

In order to obtain delivery of these documents prior to the special meeting, you should request the documents no later than , 2003.

Except as otherwise specifically noted, references to "shares of LendingTree common stock" or "LendingTree common shares" refer to shares of LendingTree common stock, par value \$0.01 per share; references to "shares of LendingTree preferred stock" or "LendingTree preferred shares" refer to shares of LendingTree Series A 8% Convertible Preferred Stock, par value \$0.01 per share; and references to "outstanding shares of LendingTree common stock," "outstanding LendingTree common shares," "outstanding shares of LendingTree preferred stock" or "outstanding LendingTree preferred shares" do not include shares held by LendingTree or by any wholly owned subsidiary of LendingTree.

In the "Questions and Answers About the Merger" and in the "Summary" below, we highlight selected information from this proxy statement/prospectus but we have not included all of the information that may be important to you. To better understand the proposed charter amendment, the merger agreement and the merger, and for a complete description of their legal terms, you should carefully read this entire proxy statement/prospectus, including the appendices, as well as the documents that we have incorporated by reference into this document. See "Where You Can Find More Information" beginning on page 108.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What is the proposed transaction?

A: USA is proposing to acquire LendingTree. The acquisition will be effected by the merger of a wholly owned subsidiary of USA with and into LendingTree, with LendingTree surviving as a wholly owned subsidiary of USA.

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

A: If you own shares of LendingTree common stock, you will receive 0.6199 of a share of USA common stock in exchange for each share of LendingTree common stock owned at the time we complete the merger. If you own shares of LendingTree preferred stock, in exchange for each share of LendingTree preferred stock owned at the time we complete the merger (unless you properly exercise appraisal rights), you will receive the number of shares of USA common stock that you would have received had you converted your LendingTree preferred stock into LendingTree common stock immediately before the merger. The exact number of shares of USA common stock that you will receive in exchange for each share of LendingTree preferred stock depends on the date we complete the merger, because under the preferred stock certificate of designations that is a part of LendingTree's certificate of incorporation, the formula for calculating the number of shares of LendingTree common stock into which each share of LendingTree preferred stock is convertible takes into account the amount of accrued dividends on the LendingTree preferred stock from the last dividend payment date through the conversion date. The minimum number of shares of USA common stock that you will receive in exchange for each share of LendingTree preferred stock is approximately 0.6726 of a share of USA common stock (if we complete the merger on a quarterly dividend payment date) and the maximum is approximately 0.6859 of a share of USA common stock (if we complete the merger on the last day before a quarterly dividend payment date), since each share of LendingTree preferred stock is convertible into between approximately 1.0850 and approximately 1.1065 shares of LendingTree common stock, depending on the conversion date.

USA will not issue fractional shares of USA common stock. Any LendingTree stockholder otherwise entitled to receive a fractional share of USA common stock will receive a cash payment instead of a fractional share.

Q: What vote of LendingTree stockholders is needed to approve the merger agreement?

A: Under Delaware law and LendingTree's certificate of incorporation (after giving effect to the charter amendment described below), the approval by the holders of LendingTree common shares and LendingTree preferred shares representing a majority of the total voting power of the outstanding LendingTree common shares and LendingTree preferred shares entitled to vote, voting as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock having one vote for each share of LendingTree common stock into which it is convertible at the time of such vote (which we refer to as voting on an

"as-converted basis"), is required in order to approve the merger agreement. As of the record date for the LendingTree special meeting, LendingTree stockholders holding shares representing approximately [31.2]% of the total voting power of the LendingTree common shares and LendingTree preferred shares entitled to vote on the merger agreement, voting together as a single class with the LendingTree preferred shares voting on an as-converted basis, have agreed with USA to vote in favor of approval of the merger agreement.

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Q: Why are LendingTree stockholders being asked to approve an amendment to the preferred stock certificate of designations that is part of LendingTree's certificate of incorporation?

A: Approval of the proposed charter amendment is a condition to the merger. The LendingTree preferred stock is currently convertible into LendingTree common stock at the option of each of its holders. The proposed amendment to the LendingTree preferred stock certificate of designations that is a part of LendingTree's certificate of incorporation, or charter, provides for the treatment of the LendingTree preferred stock in the merger as if it had been converted into LendingTree common stock immediately before the merger, as described above under "What will I receive in exchange for my LendingTree shares?" As a result of this amendment, each preferred stockholder will receive consideration in the merger on an as-converted basis. In addition, while the holders of LendingTree preferred stock will have a separate class vote on the approval of the charter amendment, the charter amendment will eliminate a separate class vote by the holders of the LendingTree preferred stock on the merger agreement.

Q: What vote of LendingTree stockholders is needed to approve the proposed charter amendment?

A: Under Delaware law and LendingTree's certificate of incorporation, the approval by the holders of LendingTree common shares and LendingTree preferred shares outstanding as of the date for the special meeting of LendingTree stockholders representing a majority of the total voting power of the outstanding LendingTree common shares and LendingTree preferred shares entitled to vote, voting as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock having one vote for each share of LendingTree common stock into which it is then convertible, is required in order to approve the proposed charter amendment. In addition, the approval by the holders of 68.5% of the shares of LendingTree preferred stock outstanding as of the date of the special meeting of LendingTree stockholders, voting as a separate class, is required to approve the proposed charter amendment. As of the record date for the special meeting, LendingTree stockholders holding shares representing approximately [31.2]% of the total voting power of the LendingTree common shares and LendingTree preferred shares entitled to vote on the proposed charter amendment, voting together as a single class with the LendingTree preferred stock voting on an as-converted basis, have agreed with USA to vote in favor of approval of the proposed charter amendment. Because the shares of LendingTree preferred stock that these stockholders have agreed to vote in favor of the proposed charter amendment represent approximately [71.8]% of the shares of LendingTree preferred stock outstanding on the record date for the special meeting, approval of the proposed charter amendment in the separate class vote by the holders of the LendingTree preferred stock is assured.

Q: When and where will LendingTree hold the special meeting of LendingTree stockholders?

A: LendingTree will hold the special meeting of LendingTree stockholders at LendingTree's principal executive office located at 11115 Rushmore Drive, Charlotte, North Carolina 28277 on _____, _____, 2003, beginning at 9:00 a.m., local time.

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

A: Under Delaware law, holders of LendingTree preferred stock will be entitled to appraisal rights. For a detailed discussion of the appraisal rights of holders of LendingTree preferred stock, see "The Merger Appraisal Rights." Holders of LendingTree common stock are not entitled to appraisal rights in connection with the merger.

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Q: Will LendingTree stockholders be taxed on the USA common stock that they receive in exchange for their LendingTree shares?

A: The exchange of shares by LendingTree stockholders is intended to be tax-free to LendingTree stockholders for U.S. federal income tax purposes, except for taxes on cash received instead of fractional shares of USA common stock and cash received by holders of shares of LendingTree preferred stock properly exercising appraisal rights in connection with the merger. We recommend that LendingTree stockholders carefully read the complete explanation of the material U.S. federal income tax consequences of the merger beginning on page 50, and that LendingTree stockholders consult their tax advisors for a full understanding of the tax consequences to them.

Q: Will you complete the merger if LendingTree stockholders approve the merger agreement but fail to approve the proposed charter amendment?

A: No. The effectiveness of the proposed charter amendment is a condition to the completion of the merger.

Q: Can I vote "FOR" one proposal and "AGAINST" the other?

A: Yes. However, completion of the merger is contingent upon approval of the charter amendment, and the charter amendment will have no force or effect if we do not complete the merger. Accordingly, the board of directors of LendingTree recommends that you vote in favor of both proposals.

Q: What do I need to do now?

A: After carefully reviewing this proxy statement/prospectus, indicate on your proxy card(s) how you want to vote on the proposed charter amendment and how you want to vote on the merger agreement. Please note that LendingTree is providing separate proxy cards for holders of LendingTree common stock and LendingTree preferred stock. If you hold both LendingTree common stock and LendingTree preferred stock, please complete and return both of the provided proxy cards. Then sign, date and mail your proxy card(s) in the enclosed return envelope as soon as possible, so that your shares may be represented at the special meeting.

If you do not sign and send in your proxy card and do not attend and cast your vote in person at the LendingTree special meeting, such inaction will have the effect of voting against the proposed charter amendment and voting against the merger agreement.

If you sign, date and send in your proxy card, but do not indicate how you want to vote on either or both proposals, your proxy card will be voted in favor of such proposal or proposals for which you did not indicate how you want to vote.

After we complete the merger, LendingTree stockholders will receive written instructions and a letter of transmittal for exchanging their shares of LendingTree common stock and/or LendingTree preferred stock for shares of USA common stock and cash instead of fractional shares of USA common stock. **Please do not send in your LendingTree stock certificates until you receive the instructions and letter of transmittal.**

Q: If my LendingTree shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker will vote your shares only if you provide instructions to your broker on how to vote. You should fill out the voter instruction form sent to you by your broker with this proxy statement/prospectus. Failure to instruct your broker will have the effect of voting against the merger agreement and voting against the proposed charter amendment.

Q: May I change my vote even after submitting a proxy card?

A: Yes. If you are a holder of record, there are three ways you can change your proxy

instructions after you have submitted your proxy card. First, you may send a written notice to the person to whom you submitted your proxy revoking your proxy. Second, you may complete and submit a new proxy card. The latest proxy actually received by LendingTree before the special meeting of LendingTree stockholders will be counted, and any earlier proxies will be revoked. Third, you may attend the LendingTree special meeting and vote in person. Any earlier proxy will thereby be revoked. However, simply attending the meeting without voting will not revoke your proxy.

If your shares are held in the name of a broker or nominee and you have instructed your broker or nominee to vote your shares, you must follow the directions you receive from your broker or nominee in order to change or revoke your vote.

Q:
Should I send in my LendingTree stock certificates now?

A: No. After the merger is completed, we will send you written instructions for exchanging your LendingTree stock certificates.

Q:
When do you expect to complete the merger?

A: LendingTree and USA are working to complete the merger as quickly as possible. We currently expect to complete the merger by the end of the third quarter of 2003, although we cannot assure you that all conditions to the completion of the merger will be satisfied by then.

Q:
Where can I find more information?

A: You may obtain more information from various sources, as described under "Where You Can Find More Information" beginning on page 108.

Q:
Who can help answer my questions?

A: If you have questions about this proxy statement/prospectus, you can call Innisfree M&A Incorporated collect at [TELEPHONE] or toll-free at [TELEPHONE].

SUMMARY

The following summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To better understand the merger, you should carefully read this entire document and the other documents to which this document refers you. See "Where You Can Find More Information" beginning on page 108.

Throughout this proxy statement/prospectus when we use the term "we," "us," or "our," we are referring to both USA and LendingTree.

The Companies

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

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USA Interactive (Nasdaq: USAI) engages worldwide in the business of interactivity via the Internet, the television and the telephone. USA's multiple brands are organized across three areas: Electronic Retailing, Information & Services and Travel Services. Electronic Retailing is comprised of HSN, America's Store, HSN.com and Home Shopping Europe and Euvia in Germany. Information & Services includes Ticketmaster, Match.com, uDate, Citysearch, Evite, Entertainment Publications and Precision Response Corporation. Travel Services consists of Expedia (Nasdaq: EXPE), Hotels.com (Nasdaq: ROOM), Interval International, TV Travel Group and USA's forthcoming U.S. cable travel network.

LendingTree, Inc.

11115 Rushmore Drive
Charlotte, North Carolina 28277
(704) 541-5351

Founded in 1996, LendingTree (Nasdaq: TREE) is an online lending exchange that connects consumers, lenders and related service providers. The LendingTree Exchange is made up of more than 200 banks, lenders, and brokers and has facilitated nearly \$48 billion in closed loans since inception. More than 8 million consumers have accessed the LendingTree Exchange through LendingTree's site at www.lendingtree.com and through online and offline partners. Loans available via the LendingTree Exchange include home mortgage, home equity, automobile, personal, debt consolidation and credit cards. The LendingTree Realty Services offering connects consumers to a nationwide network of approximately 9,000 REALTORS®.

Forest Merger Corp.

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

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

The Merger (Page 27)

In the merger, Forest Merger Corp. will merge with and into LendingTree, and LendingTree will survive the merger as a wholly owned subsidiary of USA. In the merger, each share of LendingTree common stock will be converted into the right to receive 0.6199 of a share of USA common stock and each share of LendingTree preferred stock (unless the holder properly exercises appraisal rights) will be converted into the right to receive the number of shares of USA common stock that the holder would have received had its LendingTree preferred stock been converted into LendingTree common stock immediately before the merger. Any LendingTree stockholder entitled to receive a fractional share of USA common stock after giving effect to the conversion of all LendingTree shares owned by the stockholder will receive a cash payment instead of the fractional share. In the transaction, USA expects to issue approximately 18.3 million basic shares of USA common stock and approximately 21 million shares on a fully diluted, treasury method basis, representing approximately 4.0%

of the USA common stock outstanding as of May 15, 2003.

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

Charter Amendment (Page 26)

At the LendingTree special meeting, LendingTree will ask its stockholders to approve an amendment to the LendingTree preferred stock certificate of designations that is a part of LendingTree's certificate of incorporation, or charter. We have provided the full text of the proposed charter amendment in Appendix A to this proxy statement/prospectus. If LendingTree stockholders approve the charter amendment proposal by the required votes, LendingTree will effect the charter amendment by filing a certificate of amendment to LendingTree's certificate of incorporation with the Delaware Secretary of State prior to the taking of the vote on the proposal to approve the merger agreement.

Interests of Certain Persons in the Merger (Page 59)

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You should be aware that a number of directors and officers of LendingTree have interests in the merger that may be different from, or in addition to, your interests as a stockholder of LendingTree. Both the directors and officers of LendingTree may have interests that include, among others, the vesting of options and other equity-based awards in connection with the merger. Certain executive officers of LendingTree will have a continuing equity interest in the surviving corporation following the merger and interests under existing employment continuity agreements with LendingTree. In addition, a USA subsidiary, Forest Merger Corp., has entered into employment agreements with certain executive officers of LendingTree that will become effective at the time we complete the merger. Further, the directors and officers of LendingTree have an interest in continuing rights to liability insurance and indemnification for losses relating to his or her service as an officer or director of LendingTree before the merger.

Votes Required; Voting Agreements (Page 24)

Under Delaware law and LendingTree's certificate of incorporation (after giving effect to the proposed charter amendment described above), the approval by the holders of LendingTree common shares and LendingTree preferred shares representing a majority of the total voting power of the outstanding LendingTree common shares and LendingTree preferred shares entitled to vote, voting as a single class, is required to approve the merger agreement. In this vote, each share of LendingTree common stock will have one vote, and each share of LendingTree preferred stock will have approximately votes.

Under Delaware law and LendingTree's certificate of incorporation, the approval by the holders of LendingTree common shares and LendingTree preferred shares representing a majority of the total voting power of the outstanding LendingTree common shares and LendingTree preferred shares entitled to vote, voting as a single class, is required to approve the proposed amendment to LendingTree's certificate of incorporation. In this vote, each share of LendingTree common stock will have one vote, and each share of LendingTree preferred stock will have approximately votes. In addition, the approval by the holders of 68.5% of the outstanding shares of LendingTree preferred stock, voting as a separate class, is required to approve the proposed charter amendment.

As of the record date for the special meeting, LendingTree stockholders, including an executive officer and director and an entity with which two directors are associated, holding shares representing approximately [31.2]% of the total voting power of the LendingTree common shares and LendingTree preferred shares entitled to vote on the proposed charter amendment and the merger agreement, voting together as a single class with the LendingTree preferred stock voting on an as-converted basis, have agreed

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with USA to vote in favor of approval of the proposed charter amendment and the merger agreement. Because the shares of LendingTree preferred stock that these stockholders have agreed to vote in favor of the proposed charter amendment represent approximately [71.8]% of the shares of LendingTree preferred stock outstanding on the record date for the special meeting, approval of the proposed charter amendment in the separate class vote by the holders of the LendingTree preferred stock is assured.

As of the record date for the special meeting, directors and executive officers of LendingTree and their affiliates, as a group, beneficially owned and had the right to vote shares of LendingTree common stock and shares of LendingTree preferred stock, representing an aggregate of approximately % of the total voting power of the LendingTree common shares and LendingTree preferred shares entitled to vote at the special meeting, voting together as a single class with the LendingTree preferred shares voting on an as-converted basis, and approximately % of the LendingTree preferred stock voting as a separate class. LendingTree expects directors and executive officers of LendingTree and their affiliates to vote their LendingTree common stock and LendingTree preferred stock in favor of the proposed charter amendment and the approval of the merger agreement. Certain directors and executive officers of LendingTree and/or entities associated or affiliated with them, who, together, beneficially own shares representing approximately % of the total voting power of the LendingTree common shares and LendingTree preferred shares entitled to vote at the special meeting, voting together as a single class with the LendingTree preferred shares voting on an as-converted basis, and approximately % of the LendingTree preferred stock voting as a separate class, have agreed with USA to vote in favor of the proposed charter amendment and the approval of the merger agreement.

Reasons for the Merger (Pages 31 and 50)

The board of directors of LendingTree believes that the merger is fair to, and in the best interests of, the holders of LendingTree common stock and LendingTree preferred stock. For a description of the factors on which the board of directors based its determination, see "The Merger LendingTree's Reasons for the Merger."

The board of directors of USA believes that the merger is in the best interests of USA. See "The Merger USA's Reasons for the Merger."

Recommendations to LendingTree Stockholders

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The board of directors of LendingTree unanimously approved the merger agreement and the transactions contemplated by the merger agreement, and the charter amendment, and unanimously recommends that LendingTree stockholders vote at the special meeting **"FOR"** approval of the charter amendment and **"FOR"** approval of the merger agreement.

You should refer to the factors considered by the LendingTree board of directors in making its decision to approve the merger agreement and the charter amendment (see "The Merger Recommendation of the LendingTree Board of Directors" on page 31 and "The Merger LendingTree's Reasons for the Merger" on page 31).

Opinions of LendingTree's Financial Advisors (Page 35)

In deciding to recommend approval of the merger agreement and the charter amendment, the board of directors of LendingTree considered the separate opinions of its financial advisors, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Allen & Company LLC, each to the effect that, as of May 5, 2003, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinions, the exchange ratio under the merger agreement was fair from a financial point of view to the holders of LendingTree common stock and LendingTree preferred stock. The full text of the written opinion of Merrill Lynch, dated May 5, 2003, is attached as Appendix C to

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this proxy statement/prospectus, and the full text of the written opinion of Allen & Company, dated May 5, 2003, is attached as Appendix D to this proxy statement/prospectus. We encourage you to read these opinions carefully for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. These opinions are directed to LendingTree's board of directors and do not constitute recommendations to any holder of LendingTree common stock or LendingTree preferred stock as to how any such stockholder should vote on any of the proposals that will be considered at the special meeting of LendingTree stockholders.

Treatment of LendingTree Stock Options (Page 70)

If we successfully complete the merger, options to acquire shares of LendingTree common stock will be converted into options to acquire shares of USA common stock, with the number of shares that each option represents a right to purchase and the exercise price per share being adjusted based on the merger exchange ratio, and with the options otherwise having the same terms.

Treatment of LendingTree Warrants (Page 71)

If we successfully complete the merger, USA will assume LendingTree's common stock warrants outstanding prior to the merger. As a result, warrants to purchase LendingTree common stock outstanding before the merger will become, following the merger, warrants to purchase shares of USA common stock, with the number of shares that each warrant represents a right to purchase and the exercise price per share being adjusted based on the merger exchange ratio, and with the warrants otherwise having the same terms. Where the LendingTree warrant permits LendingTree to deliver cash to the holder instead of converting the warrant into a warrant to purchase USA common shares as described above, LendingTree has agreed to elect to cash out the warrant if USA requests it do so.

Regulatory Approvals (Page 56)

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or HSR Act, USA and LendingTree may not complete the merger before furnishing required information and materials to the Antitrust Division of the Department of Justice and the Federal Trade Commission and until the applicable waiting period under the HSR Act has expired or been terminated. Effective May 27, 2003, the applicable waiting period under the HSR Act was terminated early.

In connection with proposed merger, we must also file applications or notifications with governmental entities under various laws, including those regulating real estate brokers or agents, loan brokers and mortgage brokers and bankers. These governmental entities may disapprove the change in control of LendingTree as a result of the merger based upon the criteria in the applicable laws and regulations. We are not obligated under the merger agreement to complete the merger unless the surviving corporation has obtained the required regulatory approvals to continue to operate LendingTree's businesses in California, Florida, Illinois, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, Texas and Virginia, and in such other states which, when taken together with the ten specified states, represent at least 95% of LendingTree's consolidated revenue for 2002. LendingTree and USA currently anticipate receiving the necessary approvals in the third quarter of 2003.

Non-Solicitation Covenant (Page 76)

LendingTree has agreed in the merger agreement not to initiate, solicit, negotiate, knowingly encourage or provide confidential information to facilitate any proposal or offer to acquire more than 25% of the business, properties or assets of LendingTree and its subsidiaries, or capital stock of LendingTree or any of its subsidiaries representing more than 15% of the total voting power of all of the entity's voting securities. This covenant is subject to exceptions in connection with unsolicited bona fide written offers for potential or proposed acquisition transactions under specified

circumstances, which we describe more fully under "The Merger Agreement Covenants Acquisition Transactions."

Termination of the Merger Agreement; Effects of Termination (Page 82)

The merger agreement may be terminated at any time before the effective time:

By USA's and LendingTree's mutual written consent.

By either USA or LendingTree if any governmental entity that must grant a regulatory approval described as a condition to closing under "The Merger Agreement Conditions to the Merger" has denied its approval and the denial has become final and nonappealable, or any governmental entity of competent jurisdiction has issued a final nonappealable order permanently prohibiting the consummation of the transactions contemplated by the merger agreement.

By LendingTree, under certain circumstances, if USA has breached any of its covenants or representations in the merger agreement and the breach is not cured within 30 days following written notice or cannot be cured before the closing date of the merger.

By USA, under certain circumstances, if (1) LendingTree has breached any of its covenants or representations in the merger agreement, or (2) any LendingTree stockholder party to one of the voting agreements entered into in connection with the merger agreement has materially breached its obligations under the voting agreement which breach, in either case, is not cured within 30 days following written notice or cannot be cured before the closing date of the merger.

By LendingTree if prior to receipt of the required stockholder approvals of the merger agreement and the proposed charter amendment:

- (1) LendingTree receives a "superior proposal";
- (2) LendingTree has promptly notified USA of its intention to terminate the merger agreement and has complied with its obligations described under "The Merger Agreement Covenants Acquisition Transactions";
- (3) if requested by USA, within two business days after USA's receipt of the full details of the terms and conditions of the superior proposal, LendingTree has negotiated during the following five business days with USA to make adjustments in the terms and conditions of the merger agreement as would enable LendingTree to proceed with the merger on such adjusted terms, and notwithstanding those negotiations and adjustments, the board of directors of LendingTree concludes, in its good faith judgment, that the transactions contemplated by the merger agreement on the terms as adjusted, are not at least as favorable to the stockholders of LendingTree as the superior proposal; and
- (4) the board of directors of LendingTree resolves to accept the superior proposal after having received and considered the advice of, and after consultation with, its independent, outside legal counsel, that the failure to take such action would constitute a breach of the fiduciary duties of LendingTree's board of directors under applicable law.

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Termination of the merger agreement by LendingTree under this provision will not be effective until LendingTree pays USA a fee of \$25 million.

By USA, if the board of directors of LendingTree has failed to recommend, or has withdrawn, or modified in any respect

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materially adverse to USA, its approval or recommendation of the merger agreement or has resolved to take any of these actions, or has recommended another "acquisition proposal," or if the board of directors of LendingTree has resolved to accept a superior proposal or has failed publicly to affirm its approval or recommendation of the merger agreement within ten days of USA's request made after any acquisition proposal has been disclosed to LendingTree's stockholders generally.

If LendingTree terminates the merger agreement under this provision, LendingTree must pay USA a fee of \$10 million within two business days of the termination, and an additional \$15 million on the earliest to occur of the one-year anniversary of the termination date, the date that LendingTree, directly or indirectly, enters into a definitive agreement for an "acquisition transaction" or the date that an acquisition transaction is consummated.

By USA or LendingTree if the stockholders of LendingTree fail to approve the merger agreement upon a vote held at a duly held meeting of stockholders called for that purpose (including any adjournment or postponement).

If LendingTree or USA terminates the merger agreement under this provision, LendingTree must pay USA a fee of \$25 million if:

- (1) at the time of the LendingTree stockholder meeting an acquisition proposal involving more than 33% of the business, properties or assets of LendingTree and its subsidiaries or of the capital stock of LendingTree or its subsidiaries has been disclosed publicly or to LendingTree; and
- (2) within 12 months of termination of the merger agreement, LendingTree, directly or indirectly, enters into a definitive agreement for an acquisition transaction involving more than 33% of the business, properties or assets of LendingTree and its subsidiaries or of the capital stock of LendingTree or its subsidiaries or such an acquisition transaction is consummated.

By USA or LendingTree if the merger has not occurred by December 5, 2003, unless due to the failure of the party seeking to terminate the merger agreement to perform its covenants and agreements in the merger agreement. However, if on December 5, 2003 each of the conditions to the merger, other than those relating to LendingTree stockholder approvals, required regulatory approvals and/or the existence of injunctions or other legal bars or governmental proceedings, has been satisfied or is capable of being satisfied, then the date on which a party may terminate the merger agreement under this provision will be automatically extended to February 5, 2004.

LendingTree must pay USA a fee of \$25 million if LendingTree terminates the merger agreement under this provision and if, at the time of the termination, the following conditions are met:

- (1) USA would have been permitted to terminate the merger agreement because of a willful or bad faith breach by LendingTree of any material covenant or agreement contained in the merger agreement;
- (2) prior to such termination, an acquisition proposal has been disclosed publicly or to LendingTree that contemplates direct or indirect consideration for the LendingTree common stock and LendingTree preferred stock (including the value of any stub equity) in excess of the aggregate merger consideration payable under the merger agreement; and
- (3) within 12 months following the termination, LendingTree directly or

indirectly enters into a definitive agreement for an acquisition transaction involving more than 33% of the business, properties or assets of LendingTree and its subsidiaries or of the capital stock of LendingTree or its subsidiaries or such an acquisition transaction is consummated.

Resale of USA Common Stock (Page 57)

Shares of USA common stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act, except for shares of USA common stock issued to affiliates of either USA or LendingTree.

Accounting Treatment (Page 57)

USA will account for the merger under the purchase method of accounting in accordance with United States generally accepted accounting principles.

Comparison of Stockholder Rights

If we successfully complete the merger, each LendingTree stockholder will become a stockholder of USA. Delaware law and USA's certificate of incorporation and bylaws govern the rights of USA stockholders. While LendingTree is also governed by Delaware law, USA stockholders' rights under USA's certificate of incorporation and bylaws differ in some respects from LendingTree stockholders' rights under LendingTree's certificate of incorporation and bylaws. For a summary of these material differences, see the discussion beginning on page 102 of this proxy statement/prospectus.

Appraisal Rights (Page 53)

Under Delaware law, holders of LendingTree preferred stock will be entitled to appraisal rights. For a detailed discussion of the appraisal rights of holders of LendingTree preferred stock, see "The Merger Appraisal Rights." Holders of LendingTree common stock are not entitled to appraisal rights in connection with the merger.

Tax Consequences

The exchange of shares by LendingTree stockholders is intended to be tax-free to LendingTree stockholders for U.S. federal income tax purposes, except for taxes on cash received instead of fractional shares of USA common stock and cash received by holders of shares of LendingTree preferred stock properly exercising appraisal rights in connection with the merger. We recommend that LendingTree stockholders carefully read the complete explanation of the material U.S. federal income tax consequences of the merger beginning on page 50, and that LendingTree stockholders consult their tax advisors for a full understanding of the tax consequences to them.

Selected Historical Financial Information of USA and LendingTree

We are providing the following selected financial information to assist you in analyzing the financial aspects of the merger. The selected USA and LendingTree financial data set forth below, including the accompanying notes, are qualified in their entirety by, and should be read in conjunction with, the historical consolidated financial statements and related notes contained in the annual, quarterly and other reports filed by USA and LendingTree with the SEC, which we have incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 108.

USA Selected Historical Consolidated Financial Data

The following table presents selected historical consolidated financial data for USA for each of the years in the five-year period ended December 31, 2002, and for the three-month periods ended March 31, 2003 and 2002. We derived this data from USA's audited and unaudited consolidated financial statements, and this data reflects the operations and financial position of USA at the dates and for the periods indicated. The financial statements for each of the five years in the period ended December 31, 2002 for USA have been audited by Ernst & Young LLP, independent auditors. The financial statements for the three-month periods ended March 31, 2003 and 2002 are unaudited and are not necessarily indicative of results for any other interim period or for any calendar year.

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In August 2001, USA completed its previously announced sale of all of the capital stock of certain USA Broadcasting subsidiaries that own 13 full-power television stations and minority interests in four additional full-power stations to Univision Communications Inc., or Univision. On May 7, 2002, USA completed a transaction with Vivendi Universal, S.A., or Vivendi, in which the USA Entertainment Group, consisting of USA Cable, Studios USA, and USA Films, was contributed to Vivendi Universal Entertainment LLLP, or VUE, a new joint venture controlled by Vivendi. We have presented the financial position and results of operations of USA Broadcasting and USA Entertainment Group as discontinued operations in all periods presented.

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| | Year Ended December 31, | | | | | Three-Months Ended March 31, | |
|---|-------------------------|---------------------|---------------------|---------------------|------------------------|------------------------------|---------------------|
| | 1998 ⁽¹⁾⁽²⁾ | 1999 ⁽³⁾ | 2000 ⁽⁴⁾ | 2001 ⁽⁵⁾ | 2002 ⁽⁶⁾⁽⁷⁾ | 2002 ⁽⁶⁾⁽¹⁰⁾ | 2003 ⁽⁸⁾ |
| (In thousands, except per share data) | | | | | | | |
| Statement of Operations | | | | | | | |
| Data: | | | | | | | |
| Net revenue | \$ 1,639,828 | \$ 2,001,108 | \$ 2,964,612 | \$ 3,468,860 | \$ 4,621,224 | \$ 971,945 | \$ 1,392,066 |
| Operating profit (loss) | 59,391 | (48,842) | (349,746) | (216,423) | 86,753 | 27,783 | 93,489 |
| Earnings (loss) from continuing operations before cumulative effect of accounting change | 26,848 | (69,212) | (172,398) | (186,799) | 7,378 | 3,970 | (106,796) |
| Earnings (loss) before cumulative effect of accounting change | 76,874 | (27,631) | (147,983) | 392,795 | 2,414,492 | 25,900 | (106,796) |
| Net earnings (loss) available to common shareholders | 76,874 | (27,631) | (147,983) | 383,608 | 1,941,344 | (437,456) | (110,060) |
| Basic earnings (loss) per common share from continuing operations before cumulative effect of accounting change available to common shareholders ⁽⁹⁾⁽¹¹⁾ | 0.09 | (0.21) | (0.48) | (0.50) | (0.01) | 0.01 | (0.23) |
| Diluted earnings (loss) per common share from continuing operations before cumulative effect of accounting change available to common shareholders ⁽⁹⁾⁽¹¹⁾ | 0.04 | (0.21) | (0.48) | (0.50) | (0.02) | (0.01) | (0.23) |
| Basic earnings (loss) per common share before cumulative effect of accounting change available to common shareholders ⁽⁹⁾⁽¹¹⁾ | 0.27 | (.08) | (0.41) | 1.05 | 5.64 | 0.06 | (0.23) |
| Diluted earnings (loss) per common share before cumulative effect of accounting change available to common shareholders ⁽⁹⁾⁽¹¹⁾ | 0.21 | (.08) | (0.41) | 1.05 | 5.62 | 0.06 | (0.23) |
| Basic earnings (loss) per common share available to common shareholders ⁽⁹⁾⁽¹¹⁾ | 0.27 | (.08) | (0.41) | 1.03 | 4.55 | (1.11) | (0.23) |

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| | Year Ended December 31, | | | | Three-Months Ended March 31, | | | |
|--|-------------------------|------------|------------|--------------|------------------------------|--------------|--------------|--|
| Diluted earnings (loss) per common share available to common shareholders(9)(11) | 0.21 | (.08) | (0.41) | 1.03 | 4.54 | (0.53) | (0.23) | |
| Balance Sheet Data (end of period): | | | | | | | | |
| Working capital | \$ 443,408 | \$ 381,046 | \$ 355,157 | \$ 1,380,936 | \$ 3,080,766 | \$ 1,347,776 | \$ 2,812,679 | |
| Total assets | 4,161,873 | 5,151,160 | 5,646,290 | 6,527,068 | 15,663,113 | 7,990,358 | 16,220,043 | |
| Long-term obligations, net of current maturities | 775,683 | 573,056 | 551,766 | 544,372 | 1,211,145 | 544,501 | 1,189,155 | |
| Minority interest | 336,788 | 742,365 | 908,831 | 706,688 | 1,074,501 | 629,903 | 610,350 | |
| Shareholders' equity | 2,571,405 | 2,769,729 | 3,439,871 | 3,945,501 | 7,931,463 | 5,274,245 | 8,735,625 | |
| Other Data: | | | | | | | | |
| Net cash provided by (used in): | | | | | | | | |
| Operating activities | \$ (91,660) | \$ 77,760 | \$ 87,321 | \$ 298,335 | \$ 741,561 | \$ 13,586 | \$ 467,013 | |
| Investing activities | (1,179,346) | (468,318) | (408,016) | 35,052 | 808,009 | 757,759 | (778,343) | |
| Financing activities | 1,297,654 | 100,204 | 58,163 | 56,256 | 716,621 | (21,737) | (102,150) | |
| Discontinued operations | 304,173 | 267,651 | 86,266 | 348,174 | (178,288) | (18,451) | (72,461) | |
| Effect of exchange rate changes | (1,501) | (123) | (2,687) | (3,663) | 11,130 | 34 | 1,811 | |
| Cash dividends declared per common share | | | | | | | | |

- (1) Net earnings available to common shareholders includes the operations of USA Cable and Studios USA since their acquisition by USA from Universal Studios, Inc., or Universal, on February 12, 1998 and the consolidated statement of operations data includes Citysearch since its acquisition by USA on September 28, 1998.
- (2) Net earnings available to common shareholders for the year ended December 31, 1998 include a pre-tax gain of \$74.9 million related to USA's sale of its Baltimore television station during the first quarter of 1998 and a pre-tax gain of \$109.0 million related to the purchase of Citysearch during the fourth quarter of 1998.
- (3) The consolidated statement of operations data include the operations of Hotels.com since its acquisition of control by USA on May 10, 1999 and net earnings available to common shareholders includes the results of October Films and the domestic film distribution and development businesses of Universal (which previously operated Polygram
- (4) Includes a pre-tax gain of \$104.6 million by Styleclick, Inc. related to USA's exchange of its interest in Internet Shopping Network for 75% of Styleclick, Inc., a pre-tax gain of \$3.7 million related to the Hotels.com initial public offering, and a pre-tax charge of \$145.6 million related to impairment of Styleclick goodwill.
- (5) Net earnings available to common shareholders includes a gain of \$517.8 million, net of tax, related to the sale of capital stock of certain USA Broadcasting subsidiaries and an after-tax expense of \$9.2 million related to the cumulative effect of adoption as of January 1, 2001 of SOP 00-2, "Accounting by Producers or Distributors of Films."

Filmed Entertainment), collectively referred to as USA Films, that USA acquired on May 28, 1999. USA Films was contributed to VUE on May 7, 2002. Net earnings for the year ended December 31, 1999 includes a pre-tax gain of \$89.7 million related to the sale of securities.

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- (6) In connection with USA's acquisition of a controlling interest in Expedia, Inc., USA issued approximately 13.1 million shares of Series A Redeemable Preferred Stock, or USA preferred stock, at \$50 face value (\$656 million aggregate value), with a 1.99% annual dividend rate and which is convertible at any time into USA common stock at an initial conversion price of \$33.75. The conversion price will be adjusted downward pursuant to a specified formula if the average share price of USA common stock over a ten-day trading period prior to conversion exceeds \$35.10. Holders of USA preferred stock may require USA to purchase their shares on the fifth, seventh, tenth and fifteenth anniversary of the closing on February 4, 2002. USA has the right to redeem the USA preferred stock commencing on the tenth anniversary of February 4, 2002. Any payment by USA with respect to the dividend or pursuant to any redemption requested by holders of USA preferred stock or by USA may be made in cash or USA common stock, or a combination of cash and USA common stock, at the option of USA.
- (7) Net earnings available to common shareholders includes a gain of \$2.4 billion, net of tax, related to the contribution of the USA Entertainment Group to VUE and an after-tax expense of \$461.4 million related to the cumulative effect of adoption as of January 1, 2002 of Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets." Also includes results of TV Travel Group and Interval since their acquisition by USA on May 1, 2002 and September 24, 2002, respectively.
- (8) Loss from continuing operations before cumulative effect of accounting change includes a charge related to USA's proportionate share of the 2002 results of VUE, which is recorded on a one-quarter lag due to delays in VUE's financial reporting. During the first quarter of 2003, USA received the audited financial statements of VUE for the year ended December 31, 2002, which disclosed that VUE had 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 on VUE management's review of the estimated fair value of VUE as of December 4, 2002. USA recorded its 5.44% proportionate share of this charge which amounted to approximately \$245 million before a tax benefit of \$96 million.
- (9) Earnings (loss) per common share data and shares outstanding retroactively reflect the impact of two-for-one stock splits of USA common stock and USA Class B common stock paid on February 24, 2000 and March 26, 1998. All share numbers give effect to these stock splits.
- (10) Net earnings available to common shareholders includes an after-tax expense of \$461.4 million related to the cumulative effect of adoption as of January 1, 2002 of Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets."
- (11) The following table adjusts USA's reported net earnings (loss) and basic and diluted net earnings (loss) per share to exclude amortization expense related to goodwill and other intangible assets with indefinite lives as if Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets," was effective January 1, 1999: (table appears on next page)

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| | Year Ended December 31, | | |
|--|-------------------------|--------------|--------------|
| | 1999 | 2000 | 2001 |
| (In thousands except per share data) | | | |
| Earnings (loss) from continuing operations available to common shareholders | | | |
| Reported loss from continuing operations available to common shareholders | \$ (69,212) | \$ (172,398) | \$ (186,799) |
| Add: goodwill amortization | 71,859 | 166,705 | 134,077 |
| Earnings (loss) from continuing operations as adjusted | \$ 2,647 | \$ (5,693) | \$ (52,722) |
| Basic earnings (loss) per share from continuing operations available to | | | |

| | Year Ended December 31, | | |
|--|-------------------------|--------------|------------|
| common shareholders as adjusted: | | | |
| Reported basic loss per share | \$ (0.21) | \$ (0.48) | \$ (0.50) |
| Add: goodwill amortization | 0.22 | 0.46 | 0.36 |
| Adjusted basic earnings (loss) per share | \$ 0.01 | \$ (0.02) | \$ (0.14) |
| Diluted earnings (loss) per share from continuing operation available to common shareholders as adjusted: | | | |
| Reported diluted loss per share | \$ (0.21) | \$ (0.48) | \$ (0.50) |
| Add: goodwill amortization | 0.22 | 0.46 | 0.36 |
| Adjusted diluted earnings (loss) per share | \$ 0.01 | \$ (0.02) | \$ (0.14) |
| <u>NET EARNINGS (LOSS) AVAILABLE TO COMMON SHAREHOLDERS</u> | | | |
| Net earnings (loss) available to common shareholders | \$ (27,631) | \$ (147,983) | \$ 383,608 |
| Add: goodwill amortization | 104,704 | 206,151 | 176,413 |
| Net earnings available to common shareholders as adjusted | \$ 77,073 | \$ 58,168 | \$ 560,021 |
| Basic earnings (loss) per share as adjusted: | | | |
| Reported basic net earnings (loss) per share | \$ (0.08) | \$ (0.41) | \$ 1.03 |
| Add: goodwill amortization | 0.32 | 0.57 | 0.47 |
| Adjusted basic net earnings per share | \$ 0.24 | \$ 0.16 | \$ 1.50 |
| Diluted earnings (loss) per share: | | | |
| Reported diluted net earnings (loss) per share | \$ (0.08) | \$ (0.41) | \$ 1.03 |
| Add: goodwill amortization | 0.29 | 0.57 | 0.47 |
| Adjusted diluted net earnings per share | \$ 0.21 | \$ 0.16 | \$ 1.50 |

LendingTree Selected Historical Consolidated Financial Data

The following table presents selected historical consolidated financial data for LendingTree for each of the years in the five-year period ended December 31, 2002, and for the three-month periods ended March 31, 2003 and 2002. We derived this data from LendingTree's audited and unaudited consolidated financial statements, and this data reflects the operations and financial position of LendingTree at the dates and for the periods indicated. The financial statements for each of the five years in the period ended December 31, 2002 for LendingTree have been audited by PricewaterhouseCoopers LLP, independent accountants. The financial statements for the three-month periods ended March 31, 2003 and 2002 are unaudited and are not necessarily indicative of results for any other interim period or for any calendar year.

| | Year Ended December 31, | Three-Months Ended March 31, |
|--|-------------------------|---------------------------------|
|--|-------------------------|---------------------------------|

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| | Year Ended December 31, | | | | | Three-Months Ended March 31, | |
|---|-------------------------|----------|-----------|-----------|------------|---------------------------------|-----------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2002 | 2003 |
| (In thousands, except per share data) | | | | | | | |
| Statement of Operations Data: | | | | | | | |
| Total revenue | \$ 409 | \$ 6,964 | \$ 30,813 | \$ 64,019 | \$ 111,406 | \$ 21,268 | \$ 39,157 |
| Income (loss) from operations | (6,475) | (25,250) | (66,103) | (27,790) | 8,601 | (719) | 5,700 |
| Net income (loss) from operations | (6,434) | (24,745) | (66,003) | (28,915) | 8,901 | (712) | 5,757 |
| Net income (loss) available to common shareholders | (6,458) | (27,561) | (68,464) | (31,827) | 4,833 | (2,841) | 5,132 |
| Basic earnings (loss) per common share available to common shareholders | (1.88) | (7.74) | (4.15) | (1.66) | 0.23 | (0.15) | 0.23 |
| Diluted earnings (loss) per common share available to common shareholders | (1.88) | (7.74) | (4.15) | (1.66) | 0.20 | (0.15) | 0.18 |
| Balance Sheet Data (end of period): | | | | | | | |
| Working capital | 2,666 | 26,474 | 7,936 | 1,958 | 28,149 | 4,184 | 35,234 |
| Total assets | 3,687 | 33,767 | 37,957 | 27,931 | 50,687 | 32,292 | 56,258 |
| Capital lease obligations, net of current portions | | | 848 | 291 | 311 | 180 | 427 |
| Total liabilities(1) | 751 | 6,030 | 14,261 | 17,254 | 17,351 | 20,619 | 16,727 |
| Preferred stock | | 59,118 | | 23,878 | 21,691 | 24,398 | 21,861 |
| Shareholders' equity (deficit) | (1,695) | 27,737 | 23,696 | (13,201) | 11,645 | (12,725) | 17,670 |
| Other Data: | | | | | | | |
| Net cash provided by (used in): | | | | | | | |
| Operating activities | (5,663) | (21,191) | (64,172) | (14,881) | 12,552 | (3,919) | (1,438) |
| Investing activities | (231) | (28,132) | 9,748 | 4,027 | (4,282) | (433) | (778) |
| Financing activities | 8,577 | 48,657 | 54,671 | 11,588 | 11,038 | 5,277 | 153 |
| Cash dividends declared per common share | | | | | | | |

- (1) Total liabilities excludes Lending Tree's mandatorily redeemable convertible preferred stock for all periods presented, as such amounts are shown in the separate line "Preferred stock."

Selected Unaudited Pro Forma Combined Condensed Financial Information of USA

The following selected unaudited pro forma combined condensed financial information as of and for the year ended December 31, 2002 (for income statement purposes) and as of and for the three month period ended March 31, 2003 is presented to show the results of operations and financial position of USA as if the following transactions had occurred as of the beginning of the period presented or as of the balance sheet date, as applicable: (1) USA's acquisition of a controlling interest in Expedia completed on February 4, 2002 (the Expedia transaction), (2) USA's contribution of the USA Entertainment Group to VUE completed on May 7, 2002 (the VUE transaction), (3) the transaction in which Liberty Media Corporation, or Liberty, exchanged its shares of Home Shopping Network, Inc., or Holdco, for 31.6 million shares of USA common stock and 1.6 million shares of USA Class B common stock on June 27, 2002 (the Holdco exchange), (4) the merger of Ticketmaster with a wholly owned subsidiary of USA completed on January 17, 2003 (the Ticketmaster merger), (5) the proposed merger of Expedia with a wholly owned subsidiary of USA (the Expedia merger), (6) the proposed merger of Hotels.com with a wholly owned subsidiary of USA (the Hotels merger) and (7) the LendingTree transaction.

You should read this selected unaudited pro forma combined condensed financial information in conjunction with the selected historical and pro forma financial information included in this information statement/prospectus and the financial statements of USA and LendingTree and accompanying notes that are incorporated by reference into this proxy statement/prospectus. You should not rely on the unaudited pro forma financial information as an indication of the results of operations or financial position that would have been achieved if the transactions described above had taken place at the beginning of the periods presented for the statements of operations and as of March 31, 2003 for the

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balance sheet or of the results of operations or financial position of USA after the completion of the transactions.

| | Pro Forma | |
|---|---------------------------------|--------------------------------------|
| | Year Ended December 31, 2002 | Three Months Ended March 31, 2003 |
| (In thousands, except per share data) | | |
| Statement of Operations Data: | | |
| Net revenues | \$ 4,768,117 | \$ 1,431,223 |
| Operating income (loss) | (213,961) | 34,612 |
| Loss from continuing operations before preferred dividend | (121,644) | (123,727) |
| Loss per share from continuing operations: | | |
| Basic and diluted | \$ (0.19) | \$ (0.19) |
| Balance Sheet Data (end of period): | | |
| Working capital | | \$ 2,848,278 |
| Total assets | | 21,165,937 |
| Long-term obligations, including current portion | | 1,207,211 |
| Minority interest | | 61,940 |
| Common stock exchangeable for preferred interest | | 1,428,530 |
| Shareholders' equity | | 14,076,522 |

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Certain Historical and Pro Forma Per Share Data

Unaudited Comparative Per Share Data

In the following table we present historical per share data for USA and LendingTree as of and for the three months ended March 31, 2003 and as of and for the year ended December 31, 2002, and combined pro forma per share data for USA and equivalent pro forma per share data for LendingTree as of and for the three months ended March 31, 2003 and as of and for the year ended December 31, 2002. The pro forma per share data, which we present for comparative purposes only, assumes that the Ticketmaster merger completed on January 17, 2003, the proposed Expedia merger, the proposed Hotels.com merger and the LendingTree transaction had each been completed at the beginning of each fiscal period presented for income statement purposes and for balance sheet purposes it assumes that the Expedia merger, Hotels.com merger and the LendingTree transaction had been completed on March 31, 2003. The unaudited pro forma per share data does not reflect any payment that may be required to be made in connection with the exercise of dissenters' rights by holders of Expedia common stock in connection with the Expedia merger. USA did not declare any cash dividends on its common stock during the periods presented.

The unaudited comparative per share data does not purport to be, and you should not rely on it as, indicative of (1) the results of operations or financial position which would have been achieved if any of the foregoing transactions had been completed at the beginning of the period or as of the date indicated, or (2) the results of operations or financial position which may be achieved in the future.

It is important that when you read this information, you read along with it the separate financial statements and accompanying notes of USA and LendingTree that we have incorporated by reference into this document. It is also important that you read the pro forma combined condensed financial information and accompanying notes that we have included in this proxy statement/prospectus beginning on page 86 under "Unaudited Pro Forma Combined Condensed Financial Statements of USA."

| | USA Historical Per Share Data | Combined USA Pro Forma Per Share Data | LendingTree Historical Per Share Data | LendingTree Equivalent Pro Forma Per Share Data ⁽¹⁾ |
|------------------------------|-------------------------------------|---|---|---|
| Book value per share: | | | | |

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| | USA Historical Per Share Data | Combined USA Pro Forma Per Share Data | LendingTree Historical Per Share Data | LendingTree Equivalent Pro Forma Per Share Data ⁽¹⁾ |
|---|-------------------------------------|---|---|---|
| March 31, 2003 | \$ 17.55 | \$ 21.55 | \$ 0.77 | \$ 13.36 |
| December 31, 2002 | \$ 17.61 | \$ 21.72 | \$ 0.51 | \$ 13.47 |
| Earnings (loss) per share from continuing operations, before dividend to preferred shareholders: | | | | |
| Basic for the three months ended March 31, 2003 | \$ (0.22) | \$ (0.19) | \$ 0.23 | \$ (0.12) |
| Diluted for the three months ended March 31, 2003 | \$ (0.22) | \$ (0.19) | \$ 0.18 | \$ (0.12) |
| Basic for the twelve months ended December 31, 2002 | \$ 0.02 | \$ (0.19) | \$ 0.23 | \$ (0.12) |
| Diluted for the twelve months ended December 31, 2002 | \$ 0.00 | \$ (0.19) | \$ 0.20 | \$ (0.12) |
| Cash dividends per common share: | | | | |
| March 31, 2003 | | | | |
| December 31, 2002 | | | | |

(1) We calculated the LendingTree equivalent pro forma per share data by multiplying the applicable combined USA pro forma per share data by 0.6199, the exchange ratio in the merger.

Comparative Per Share Market Price Information and Dividend Policy

The following table sets forth the high and low sale prices for a share of USA common stock and for a share of LendingTree common stock, rounded to the nearest cent, for the periods indicated. The prices below are as quoted on the Nasdaq National Market, based on published financial sources. LendingTree preferred stock is not listed or quoted on any national exchange.

| | USA Common Stock | | LendingTree Common Stock | |
|---------------------------------|---------------------|-------|-----------------------------|---------|
| | High | Low | High | Low |
| 2003 | | | | |
| Second Quarter (through , 2003) | | | | [11.60] |
| First Quarter | 29.09 | 20.73 | 15.75 | 9.00 |
| 2002 | | | | |
| Fourth Quarter | 29.80 | 15.31 | 15.85 | 10.37 |
| Third Quarter | 24.11 | 16.25 | 16.25 | 8.40 |
| Second Quarter | 33.53 | 19.55 | 15.99 | 10.75 |
| First Quarter | 33.22 | 25.41 | 13.50 | 5.45 |
| 2001 | | | | |
| Fourth Quarter | 27.84 | 17.45 | 6.10 | 3.00 |
| Third Quarter | 28.44 | 16.45 | 6.74 | 3.35 |
| Second Quarter | 28.20 | 20.16 | 7.39 | 2.81 |
| First Quarter | 24.94 | 17.69 | 4.41 | 1.88 |
| 2000 | | | | |
| Fourth Quarter | 22.38 | 16.19 | 5.25 | 1.78 |

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| | USA Common Stock | | LendingTree Common Stock | |
|----------------|---------------------|-------|-----------------------------|----------------------|
| Third Quarter | 25.94 | 20.00 | 9.56 | 4.22 |
| Second Quarter | 24.00 | 16.88 | 14.88 | 4.75 |
| First Quarter | 28.47 | 19.13 | 21.00 ⁽¹⁾ | 10.75 ⁽¹⁾ |

(1)

Calculated beginning February 15, 2000.

On May 2, 2003, the last trading day before we announced the merger, USA common stock closed at \$34.96 per share and LendingTree common stock closed at \$14.69 per share. On _____, 2003, the last practicable trading day before the printing of this proxy statement/prospectus, USA common stock closed at \$ _____ per share and LendingTree common stock closed at \$ _____ per share. You may obtain more recent stock price quotes from most newspapers or other financial sources, and we encourage you to do so.

USA has never paid any cash dividends on shares of USA common stock, and LendingTree has never paid any cash dividends on shares of LendingTree common stock. USA and LendingTree currently anticipate that they will retain all of their future earnings available for distribution to the holders of USA common stock and LendingTree common stock, respectively, for use in the expansion and operation of their respective businesses, and do not anticipate paying any cash dividends on shares of USA common stock or LendingTree common stock in the immediate future.

The holders of LendingTree preferred stock are entitled to receive dividends on their shares equal to eight percent (8%) per annum of the stated value per share payable at LendingTree's option in cash on each quarterly dividend date or by an upward adjustment to the stated value per share on a quarterly dividend payment date. LendingTree's revolving credit agreement with GE Capital Commercial Services, or GE, prohibits LendingTree from paying cash dividends on LendingTree common stock or LendingTree preferred stock without the prior written consent of GE. LendingTree obtained the consent of GE to pay cash dividends on the Series A Preferred Stock and paid such dividends in cash for the quarterly periods ended June 30, 2002, September 30, 2002, December 31, 2002 and March 31, 2003. LendingTree also has obtained GE's consent for the payment of cash dividends for the quarterly period ending June 30, 2003. LendingTree has notified GE of its intention to permit the credit agreement to expire on July 13, 2003. While the merger is pending, the merger agreement requires LendingTree to make all required dividend payments on the LendingTree preferred stock in cash.

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RISK FACTORS

As a result of the merger, LendingTree's stockholders will be subject to the following new or increased risks related to USA's other businesses and/or the structure of the merger. In addition, as a result of the merger, USA's stockholders will be subject to the following new or increased risks related to LendingTree and/or the structure of the merger. In addition to the risks described below, the combined company will continue to be subject to the risks described in the documents that LendingTree and USA have filed with the SEC that are incorporated by reference into this proxy statement/prospectus. If any of the risks described below or in the documents incorporated by reference into this proxy statement/prospectus actually occur, the business, financial condition, results of operations or cash flows of the combined company could be materially adversely affected. The risks described below should be considered along with the other information included or incorporated by reference into this proxy statement/prospectus.

Risk Factors Relating to the Merger

The number of shares of USA common stock that holders of LendingTree common stock and Lending Tree preferred stock will receive in the merger will be based upon a fixed exchange ratio. The value of the shares of USA common stock at the time LendingTree stockholders receive them could be less than the value of those shares today.

In the merger, each share of LendingTree common stock will be exchanged for 0.6199 of a share of USA common stock, and each share of LendingTree preferred stock will be exchanged for a number of shares of USA common stock based on the same exchange ratio and the rate of conversion of LendingTree preferred stock to LendingTree common stock set forth in the certificate of designations of the LendingTree preferred stock. USA and LendingTree will not adjust the exchange ratio as a result of any change in the market price of USA common stock

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between the date of this proxy statement/prospectus and the date the LendingTree stockholders receive shares of USA common stock in exchange for shares of LendingTree common stock or LendingTree preferred stock. The market price of USA common stock will likely be different, and may be lower, on the date LendingTree stockholders receive shares of USA common stock from the market price of shares of USA common stock today as a result of changes in the business, operations or prospects of USA, market reactions to the proposed merger, general market and economic conditions and other factors. Because we will complete the merger only after LendingTree holds its special meeting of stockholders, the price of the USA common stock on the date of the special meeting of stockholders will not necessarily be indicative of the price of the USA common stock at the time we complete the merger. LendingTree stockholders are urged to obtain current market quotations for USA common stock and LendingTree common stock. See "Summary Comparative Per Share Market Price Information and Dividend Policy."

The trading price of USA common stock may be affected by factors different from or in addition to the factors affecting the trading price of LendingTree common stock or the price at which holders of LendingTree preferred stock may be able to sell their preferred shares.

If the merger is completed, all holders of outstanding shares of LendingTree common stock and LendingTree preferred stock immediately prior to the merger will become holders of USA common stock. USA owns and operates in a number of lines of business. Accordingly, USA's results of operations and business, as well as the trading price of USA common stock, may be affected by factors different from or in addition to those affecting LendingTree's results of operations and business and the price of LendingTree common stock.

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Failure to complete the merger could negatively impact the price of LendingTree common stock or the price at which holders of LendingTree preferred stock may be able to sell those shares and LendingTree's future business and operations.

If we do not complete the merger for any reason, LendingTree may be subject to a number of risks, including the following:

LendingTree may be obligated to pay USA a fee of \$25 million if the merger agreement is terminated in certain circumstances;

the current market price of LendingTree common stock may reflect a market assumption that we will complete the merger, and a failure to complete the merger could result in a decline in the market price of the LendingTree common stock;

many costs related to the merger, such as legal, accounting, financial advisor and financial printing fees, must be paid regardless of whether we complete the merger; and

there may be substantial disruption to the businesses of LendingTree and a distraction of its management and employees from day-to-day operations.

Risk Factors Relating to USA

USA depends on its key personnel.

USA is dependent upon the continued contributions of its senior corporate management, particularly Barry Diller, the chairman and chief executive officer of USA, and certain key employees for its future success. Mr. Diller does not have an employment agreement with USA, although he has been granted options to purchase a substantial number of shares of USA common stock.

If Mr. Diller no longer serves in his positions at USA, USA's business, as well as the market price of USA common stock, could be substantially adversely affected. USA cannot assure you that it will be able to retain the services of Mr. Diller or any other members of its senior management or key employees.

USA is controlled by Mr. Diller and in his absence will be controlled by Liberty Media Corporation.

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Subject to the terms of an amended and restated stockholders agreement, dated as of December 16, 2001, among Universal Studios, Inc., or Universal, Liberty, Mr. Diller and Vivendi, Mr. Diller effectively controls the outcome of all matters submitted to a vote or for the consent of USA's stockholders (other than with respect to the election by the holders of USA common stock of 25% of the members of USA's board of directors (rounded up to the nearest whole number) and matters as to which a separate class vote of the holders of USA common stock or USA preferred stock is required under Delaware law).

In addition, under an amended and restated governance agreement, dated as of December 16, 2001, among USA, Vivendi, Universal, Liberty and Mr. Diller, each of Mr. Diller and Liberty generally has the right to consent to limited matters in the event that USA's ratio of total debt to EBITDA, as defined in the governance agreement, equals or exceeds 4:1 over a continuous 12-month period. USA cannot assure you that Mr. Diller and Liberty will consent to any such matter at a time when USA is highly leveraged, in which case USA would not be able to engage in such transactions or take such actions.

Upon Mr. Diller's permanent departure from USA, Liberty generally would be able to control USA through its ownership of shares of USA Class B common stock.

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USA's success depends on maintaining the integrity of its systems and infrastructure.

A fundamental requirement for online commerce and communications is the secure transmission of confidential information, such as credit card numbers or other personal information, over public networks. USA's current security measures may not be adequate and, if any compromise of USA's security were to occur, it could have a detrimental effect on USA's reputation and adversely affect its ability to attract customers. As USA's operations continue to grow in both size and scope, USA will need to improve and upgrade its systems and infrastructure. This may require USA to commit substantial financial, operational and technical resources before the volume of business increases, with no assurance that the volume of business will increase.

USA relies on its own affiliates' and third-party computer systems and service providers to facilitate and process a portion of its transactions. Any interruptions, outages or delays in these services, or a deterioration in their performance, could impair USA's ability to process transactions for its customers and the quality of service USA can offer to them. It is unlikely that USA could make up for the level of orders lost in these circumstances by increased phone orders.

System interruption and the lack of integration and redundancy in USA's information systems may affect USA's business.

USA's subsidiaries rely on computer and other systems in order to provide their services to customers. At times, USA subsidiaries may experience occasional system interruptions that make some or all systems unavailable or prevent the subsidiaries from efficiently fulfilling orders or providing services to third parties. To prevent system interruptions, USA and its subsidiaries continually add additional software and hardware and upgrade systems and network infrastructure to accommodate both increased traffic on websites and increased sales volume. Computer and communications systems of USA and its subsidiaries could be damaged or interrupted by fire, flood, power loss, telecommunications failure, break-ins, earthquakes, acts of war or terrorism, acts of God, computer viruses, physical or electronic break-ins and similar events or disruptions. Any of these events could cause system interruption, delays and loss of critical data, and could prevent USA subsidiaries from providing services to third parties. While USA and its subsidiaries do have backup systems for certain aspects of operations, the systems are not fully redundant and disaster recovery planning may not be sufficient for all eventualities. In addition, USA and its subsidiaries may have inadequate insurance coverage or insurance limits to compensate for losses from a major interruption. If any of this were to occur, it could damage the reputation of USA and its subsidiaries and be expensive to remedy.

Declines or disruptions in the industries in which USA operates, such as those caused by terrorism, war or general economic downturns, could harm USA's businesses. In addition, negative financial performance of companies in which USA is the majority stockholder can have a negative effect on USA's stock price.

USA's businesses in general are sensitive to trends or events that are outside of USA's control. For example, adverse trends or events, such as general economic downturns, decreases in consumer spending, work stoppages and political instability, may reduce the popularity and frequency of the events to which USA sells tickets, reduce travel and may affect call center and other operations in areas where these trends or events occur. The occurrence of any of these adverse trends or events could significantly impact USA's businesses, results of operations or financial condition. In addition, USA's stock price may be adversely affected by negative reports of the results of operations or declines in the stock price of companies in which USA is a major stockholder, regardless of the effect these negative reports or stock price declines may have on USA's business, financial condition, results of operations or cash flow.

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Travel is highly sensitive to traveler safety concerns, and thus declines after acts of terrorism that impact the perceived safety of travelers, could significantly impact USA's businesses, results of operations or financial condition.

In the aftermath of the terrorist attacks of September 11, 2001, the travel industry experienced a protracted decrease in demand for air travel due to fears regarding additional acts of terrorism and increased costs and reduced operations by airlines due, in part, to new security directives adopted by the Federal Aviation Administration. USA cannot predict the future scope and effects of these changes, which could significantly impact USA's long-term results of operations or financial condition.

USA may experience operational and financial risks in connection with its acquisitions. In addition, some of the businesses USA acquires may incur significant losses from operations or experience impairment of carrying value.

USA's future growth may be a function, in part, of acquisitions. To the extent that USA grows through acquisitions, it will face the operational and financial risks commonly encountered with that type of a strategy. USA would also face operational risks, such as failing to assimilate the operations and personnel of the acquired businesses, disrupting its ongoing business, dissipating its limited management resources and impairing its relationships with employees and customers of acquired businesses as a result of changes in ownership and management. Some of USA's acquisitions may not be successful and their performances may result in the impairment of their carrying value.

Changing laws and regulations, and legal uncertainties, regarding the Internet may impair USA's growth and harm its businesses.

A number of proposed laws and regulations regarding the Internet, including with respect to consumer privacy, have been proposed or considered that could impact USA's businesses. USA cannot predict whether any of these types of laws or regulations will be enacted or amended and what effect, if any, such laws or regulations would have on its businesses, financial condition or results of operations. In addition, the application of various sales, use and other tax provisions under state and local law to USA's historical and new products and services sold via the Internet, television and telephone is subject to interpretation by the applicable taxing authorities. USA believes it is compliant with these tax provisions, but there can be no assurances that taxing authorities will not take a contrary position or that such positions will not have a material adverse effect on USA's businesses, financial condition and results of operations.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the SEC filings that are incorporated by reference into this proxy statement/prospectus contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. For those statements, both USA and LendingTree claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements relating to USA's and LendingTree's anticipated financial performance, business prospects, new developments, new merchandising strategies and similar matters, and/or statements preceded by, followed by or that include the words "believes," "could," "should," "expects," "anticipates," "estimates," "intends," "plans," "projects," "seeks" or similar expressions. These forward-looking statements are necessarily estimates reflecting the best judgment of each company's senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions that could have a material adverse effect on the merger and/or on each company's respective businesses, financial condition or results of operations. In addition, you should consider the other information contained in or incorporated by reference into USA's and LendingTree's filings with the SEC, including each company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, especially in the Management's Discussion and Analysis section, each company's most recent Quarterly Report on Form 10-Q and each company's Current Reports on Form 8-K. Other unknown or unpredictable factors also could have material adverse effects on USA's and LendingTree's future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this proxy statement/prospectus may not occur. We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this proxy statement/prospectus.

You should understand that the following important factors, in addition to those we discuss elsewhere in this document and in the documents incorporated into this proxy statement/prospectus by reference, could affect USA's and LendingTree's future results and could cause those results to differ materially from those expressed in the forward-looking statements:

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the risk that USA's and LendingTree's businesses will not be integrated successfully;

material adverse changes in economic conditions generally or in USA's and LendingTree's markets or industries;

future regulatory and legislative actions and conditions affecting USA's and LendingTree's operating areas;

competition from other companies;

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 maintain the integrity of USA's and LendingTree's systems and infrastructure;

the ability to expand into and successfully operate in foreign markets;

obtaining and retaining key executives and skilled employees;

acts of terrorism;

war or political instability; and

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

Neither USA nor LendingTree is under any obligation, and neither USA nor LendingTree intends, to make publicly available any update or other revisions to any of the forward-looking statements contained in this proxy statement/prospectus to reflect circumstances existing after the date of this proxy statement/prospectus or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized.

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THE LENDINGTREE SPECIAL MEETING

This proxy statement/prospectus is furnished to LendingTree stockholders in connection with the solicitation of proxies by LendingTree's board of directors from the holders of LendingTree common stock and LendingTree preferred stock for use at the special meeting of LendingTree stockholders. This proxy statement/prospectus is also furnished to LendingTree stockholders as a prospectus of USA in connection with the issuance by USA of shares of USA common stock to LendingTree stockholders in connection with the merger.

We are first furnishing this proxy statement/prospectus to LendingTree's stockholders on or about _____, 2003.

Time and Place; Purposes

LendingTree will hold the special meeting on _____, _____, 2003 at 9:00 a.m., local time, at LendingTree's principal executive office located at 11115 Rushmore Drive, Charlotte, North Carolina 28277. At the special meeting (and any adjournment or postponement of the meeting), LendingTree common stockholders and LendingTree preferred stockholders will be asked to consider and vote upon a proposal to approve the

charter amendment and a proposal to approve the merger agreement.

Record Date

The board of directors of LendingTree has fixed the close of business on _____, 2003 as the record date for the determination of the holders of LendingTree common stock and LendingTree preferred stock entitled to receive notice of and to vote at the special meeting. Only holders of record of shares of LendingTree common stock and LendingTree preferred stock on the record date are entitled to vote at the special meeting. On the record date, there were _____ shares of LendingTree common stock outstanding held by approximately _____ holders of record and _____ shares of LendingTree preferred stock outstanding held by _____ holders of record. Any shares of LendingTree preferred stock outstanding on the record date for the LendingTree special meeting that a holder converts into shares of LendingTree common stock after the record date will not be entitled to be voted at the special meeting.

Recommendation of the LendingTree Board of Directors

The board of directors of LendingTree unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger and the charter amendment, and unanimously recommends that stockholders vote at the special meeting "FOR" approval of the charter amendment and "FOR" approval of the merger agreement.

Quorum; Votes Required for Approval

The presence, in person or by proxy, of the holders of a majority of the votes eligible to be cast by the holders of LendingTree common stock and LendingTree preferred stock, voting together as a single class with the LendingTree preferred stock voting on an as-converted basis, is necessary to constitute a quorum at the special meeting, and a majority of the votes eligible to be cast by the LendingTree preferred stockholders as a class is necessary to constitute a quorum for the separate vote by the holders of preferred stock as a class on the proposed charter amendment. At the special meeting:

- (1) the shares of LendingTree common stock and LendingTree preferred stock voting together as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock having approximately _____ votes, and
- (2) the shares of LendingTree

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preferred stock voting as a separate class, with each share of LendingTree preferred stock having one vote, will vote on the proposal to approve the charter amendment,

if the charter amendment is approved, LendingTree will effect the charter amendment by filing a certificate of amendment to LendingTree's certificate of incorporation with the Delaware Secretary of State before taking the vote on the proposal to approve the merger agreement, and

the shares of LendingTree common stock and LendingTree preferred stock voting together as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock having approximately _____ votes, will then vote on the proposal to approve the merger agreement.

Approval of the charter amendment requires the affirmative vote of (1) a majority of the total voting power of the outstanding shares of LendingTree common stock and LendingTree preferred stock entitled to vote, voting as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock voting on an as-converted basis, and (2) holders of at least 68.5% of the shares of LendingTree preferred stock entitled to vote. In addition, because approval of the charter amendment is a condition to the completion of the merger, the failure of the stockholders to approve the charter amendment will have the effect of preventing the completion of the merger. Approval of the merger agreement requires the affirmative vote of a majority of the total voting power of the outstanding shares of LendingTree common stock and LendingTree preferred stock entitled to vote, voting as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock voting on an as-converted basis.

USA has entered into voting agreements with certain of LendingTree's principal stockholders who held, in the aggregate, shares representing approximately [31.2]% of the total voting power of the outstanding LendingTree common stock and LendingTree preferred stock entitled to vote at the special meeting, and approximately [71.8]% of the voting power of the outstanding LendingTree preferred stock entitled to

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vote at the special meeting. Under the voting agreements, each of these stockholders has given USA his, her or its irrevocable proxy to vote the LendingTree common shares and LendingTree preferred shares held by the stockholder in favor of the approval of the merger agreement and the charter amendment at the special meeting (or any adjournment or postponement). Because these shares represent approximately [71.8]% of the shares of LendingTree preferred stock entitled to vote at the special meeting, approval of the proposed charter amendment in the separate class vote by the holders of the LendingTree preferred stock is assured.

Voting; Revocation of Proxies

You may cause your LendingTree shares to be voted by returning the enclosed proxy card(s) by mail or voting in person at the special meeting. Please note that LendingTree is providing separate proxy cards for holders of LendingTree common stock and LendingTree preferred stock and that any stockholder who holds both LendingTree common stock and LendingTree preferred stock should receive two different proxy cards, both of which the stockholder will need to complete, sign and return to have all shares of LendingTree common stock and LendingTree preferred stock held by such holder represented by proxy at the special meeting. The proxies will vote all shares of LendingTree common stock and LendingTree preferred stock represented by properly executed proxy cards received before or at the special meeting, unless revoked, in accordance with the instructions indicated on those proxy cards. If you do not indicate instructions for a proposal on a properly executed and delivered proxy, the proxies will vote the shares covered by the proxy "**FOR**" the proposal. We urge you to mark your proxy card(s) to indicate how to vote your shares.

Abstentions may be specified on either proposal. LendingTree will count a properly executed proxy marked "ABSTAIN" with respect to either proposal as present for purposes of determining whether there is a quorum. Because approval of the proposal to approve the merger agreement at the special

meeting requires the affirmative vote of a majority of the combined voting power of the outstanding shares of LendingTree common stock and LendingTree preferred stock entitled to vote, whether or not voted, a proxy marked "ABSTAIN" with respect to that proposal will have the effect of a vote against the pro