

SERIES ADJUSTMENTS - 2002-003

ONN INFORMATION CIRCULAR #281

January 24, 2002

Please see OCC memo attached for more details

Expedia Inc. (EXPE) Pending Merger with USA Networks, Inc. (USAI)

On February 4, 2002, the shareholders of Expedia Inc. (EXPE) will vote to approve the proposed merger with USA Networks, Inc. (USAI). If the merger is approved and consummated, Expedia, Inc. will recapitalize its stock to create a new class of Expedia, Inc. Class B Common Shares immediately prior to the merger. EXPE common Shareholders will have the option to retain their Expedia, Inc. Common Shares and receive additional Expedia, Inc. warrants or exchange their shares for Expedia, Inc. Class B Common shares. The merger/recapitalization will attain the following aggregate results:

1) Between 65% and 73% of all outstanding EXPE Common Shares will be converted into Expedia, Inc. Class B Common Shares on a share per share basis. Upon consummation of the merger, Expedia Inc. Common Shareholders who have exchanged EXPE Common Shares for Expedia, Inc. Class B Common Shares will receive for each Class B share:

a fractional amount of USAI common stock ranging in value from approximately \$15.54 to \$17.50, between 0.3500 and 0.3892 fractional shares of USA Networks, Inc. Cumulative convertible preferred stock, and

between 0.3873 and 0.4524 fractional warrants to acquire one share of USAI common stock per one warrant. Each USA Networks, Inc. warrant will have a seven-year term and an exercise price \$35.10 per USAI Share.

2) The remainder of the EXPE Common Shares will remain outstanding and receive an additional amount of 0.1920 Expedia, Inc. per one warrant. The warrants will have a seven-year term and an exercise price of \$52.00 per EXPE Common Share. Cash will be paid in lieu of fractional Expedia warrants.

Pending Contract Adjustments

Pursuant to Options Clearing Corporation (OCC) by-laws, all outstanding Expedia Inc. options will be adjusted as follows:

Adjustment Date:	Effective the opening of business day after the merger is consummated.
ISE Underlying Symbol	No Change - Remains EXPE
OPRA Option Symbols:	UED Becomes QAS
Strike Prices:	No Change
Multiplier:	100*(eg., Premium of 1.00 = \$100)
New Deliverable/Contract:	The deliverable for adjusted EXPE options will be based on the merger consideration which accrues to non-election EXPE Common Shareholders (stated in terms of a current 100-Share EXPE deliverable). 1) 100 Expedia, Inc. (EXPE) Common Shares 2) 19 Expedia, Inc. Warrants 3) Cash in lieu of .20 fractional Expedia, Inc. Warrants

***The foregoing is an unofficial summary of the terms of the Merger, prepared by the ISE for the convenience of its members. ISE accepts no responsibility for the accuracy or completeness of the summary. Members should refer to the proxy statement for the authoritative description of the merger terms and conditions.*

GTC Order Cancellation:

Immediately after the ISE close on the effective date of the merger, all resting orders in the EXPE order book will be cancelled.

ADJUSTED EXERCISE PRICES:

Effective with the opening of business, after the date the merger is consummated, trading in EXPE series will be on an adjusted basis. The strike price adjustments below are expected based on the current outstanding series. Any additional EXPE series added prior to the merger date will also be adjusted in the manner outlined below.

Expedia Inc. (EXPE)
(Before - Date To Be Announced)
100 shares EXPE

Expedia Inc. (EXPE)
(Beginning - Date To Be Announced)
(See New Deliverable Above)

ISESeries	OPRA	Month	Strike	Calls/Puts	ISESeries	OPRA	Month	Strike	Calls/Puts
EXPE2FEB25.0C/P	UED	FEB	25	BE/NE	EXPE2FEB25.0C/P	QAS	FEB	25	BE/NE
EXPE2FEB30.0C/P	UED	FEB	30	BF/NF	EXPE2FEB30.0C/P	QAS	FEB	30	BF/NF
EXPE2FEB35.0C/P	UED	FEB	35	BG/NG	EXPE2FEB35.0C/P	QAS	FEB	35	BG/NG
EXPE2FEB40.0C/P	UED	FEB	40	BH/NH	EXPE2FEB40.0C/P	QAS	FEB	40	BH/NH
EXPE2FEB45.0C/P	UED	FEB	45	BI/NI	EXPE2FEB45.0C/P	QAS	FEB	45	BI/NI
EXPE2FEB50.0C/P	UED	FEB	50	BJ/NJ	EXPE2FEB50.0C/P	QAS	FEB	50	BJ/NJ
EXPE2FEB55.0C/P	UED	FEB	55	BK/NK	EXPE2FEB55.0C/P	QAS	FEB	50	BK/NK
EXPE2MAR30.0C/P	UED	MAR	30	CF/OF	EXPE2MAR30.0C/P	QAS	MAR	30	OF/OF
EXPE2MAR35.0C/P	UED	MAR	35	CG/OG	EXPE2MAR35.0C/P	QAS	MAR	35	OG/OG
EXPE2MAR40.0C/P	UED	MAR	40	CH/OH	EXPE2MAR40.0C/P	QAS	MAR	40	OH/OH
EXPE2MAR45.0C/P	UED	MAR	45	CI/OI	EXPE2MAR45.0C/P	QAS	MAR	45	OI/OI
EXPE2MAR50.0C/P	UED	MAR	50	CJ/OJ	EXPE2MAR50.0C/P	QAS	MAR	50	OJ/OJ
EXPE2MAR55.0C/P	UED	MAR	55	CK/OK	EXPE2MAR55.0C/P	QAS	MAR	55	OK/OK
EXPE2MAR60.0C/P	UED	MAR	60	CL/OL	EXPE2MAR60.0C/P	QAS	MAR	60	OL/OL
EXPE2APR15.0C/P	UED	APR	15	DC/PC	EXPE2APR15.0C/P	QAS	APR	15	DC/PC
EXPE2APR17.5C/P	UED	APR	17 1/2	DW/PW	EXPE2APR17.5C/P	QAS	APR	17 1/2	DW/PW
EXPE2APR20.0C/P	UED	APR	20	DD/PD	EXPE2APR20.0C/P	QAS	APR	20	DD/PD
EXPE2APR22.5C/P	UED	APR	22 1/2	DX/PX	EXPE2APR22.5C/P	QAS	APR	22 1/2	DX/PX
EXPE2APR25.0C/P	UED	APR	25	DE/PE	EXPE2APR25.0C/P	QAS	APR	25	DE/PE
EXPE2APR30.0C/P	UED	APR	30	DF/PF	EXPE2APR30.0C/P	QAS	APR	30	DF/PF
EXPE2APR35.0C/P	UED	APR	35	DG/PG	EXPE2APR35.0C/P	QAS	APR	35	DG/PG
EXPE2APR40.0C/P	UED	APR	40	DH/PH	EXPE2APR40.0C/P	QAS	APR	40	DH/PH
EXPE2APR45.0C/P	UED	APR	45	DI/PI	EXPE2APR45.0C/P	QAS	APR	45	DI/PI
EXPE2APR50.0C/P	UED	APR	50	DJ/PJ	EXPE2APR50.0C/P	QAS	APR	50	DJ/PJ
EXPE2APR55.0C/P	UED	APR	55	DK/PK	EXPE2APR55.0C/P	QAS	APR	55	DK/PK
EXPE2JUL20.0C/P	UED	JUL	20	GD/SD	EXPE2JUL20.0C/P	QAS	JUL	20	GD/SD
EXPE2JUL22.5C/P	UED	JUL	22 1/2	GX/SX	EXPE2JUL22.5C/P	QAS	JUL	22 1/2	GX/SX
EXPE2JUL25.0C/P	UED	JUL	25	GE/SE	EXPE2JUL25.0C/P	QAS	JUL	25	GE/SE
EXPE2JUL30.0C/P	UED	JUL	30	GF/SF	EXPE2JUL30.0C/P	QAS	JUL	30	GF/SF
EXPE2JUL35.0C/P	UED	JUL	35	GG/SG	EXPE2JUL35.0C/P	QAS	JUL	35	GG/SG
EXPE2JUL40.0C/P	UED	JUL	40	GH/SH	EXPE2JUL40.0C/P	QAS	JUL	40	GH/SH
EXPE2JUL45.0C/P	UED	JUL	45	GI/SI	EXPE2JUL45.0C/P	QAS	JUL	45	GI/SI
EXPE2JUL50.0C/P	UED	JUL	50	GJ/SJ	EXPE2JUL50.0C/P	QAS	JUL	50	GJ/SJ
EXPE2KUL55.0C/P	UED	KUL	55	GK/SK	EXPE2JUL55.0C/P	QAS	JUL	55	GK/SK

Questions regarding this release may be directed to Iris Rodriguez at (212) 897-0264



The Options Clearing Corporation

#17834

TO: ALL CLEARING MEMBERS

FROM: KEN RYPEL, DIRECTOR - NATIONAL OPERATIONS

DATE: JANUARY 22, 2002

SUBJECT: EXPEDIA, INC. (ELECTION MERGER) – ANTICIPATED ADJUSTMENT
OPTION SYMBOL: UED
NEW SYMBOL: QAS
DATE: 02-05-02 ??? (ELECTION DEADLINE 02-04-02)

On February 4, 2002, Shareholders of Expedia, Inc., (“EXPE/UED”) will vote concerning a proposed merger with USA Networks, Inc. (“USAI”). If the merger is approved and consummated, immediately prior to the merger, Expedia, Inc. will undergo a recapitalization in order to create a new class of Expedia, Inc. Class B Common Shares. EXPE Common Shareholders will have the option to retain their Expedia, Inc. Common Shares and receive additional Expedia, Inc. warrants or exchange their shares for Expedia, Inc. Class B Common Shares. The merger/recapitalization will attain the following aggregate results:

- 1) Between 65% and 73% of all outstanding EXPE Common Shares will be converted into Expedia, Inc. Class B Common Shares on a share per share basis. Upon consummation of the merger, Expedia, Inc. Common Shareholders who have exchanged EXPE Common Shares for Expedia, Inc. Class B Common Shares will receive, for each Class B Share:
 - a fractional amount of USAI common stock ranging in value from approximately \$15.54 to \$17.50,
 - between 0.3500 and 0.3892 fractional shares of USA Networks, Inc. cumulative convertible preferred stock, and
 - between 0.3873 and 0.4524 fractional warrants to acquire one share of USAI common stock per one warrant. Each USA Networks, Inc. warrant will have a seven-year term and an exercise price \$35.10 per USAI Share.
- 2) The remainder of the EXPE Common Shares will remain outstanding and will receive an additional amount of 0.1920 Expedia, Inc. warrants per EXPE Share to acquire one Common Share of Expedia, Inc. per one warrant. The warrants will have a seven-year term and an exercise price of \$52.00 per EXPE Common Share. Cash will be paid in lieu of fractional Expedia warrants.

Only shares of Expedia, Inc. Class B Common Stock will be converted into USA securities in the merger.

Individual Expedia, Inc. Common Shareholders will have the opportunity to a) retain EXPE Common Shares OR b) exchange some or all of their EXPE Common Shares for Expedia, Inc. Class B Common Shares. In order to achieve the required results indicated above, prorations may take place with respect to elections for the Expedia, Inc. Class B Common Shares. The terms of such prorations, if any, will not be determined until after the election deadline. Accordingly, individual EXPE Common Shareholders making an election, may not know in advance of the consummation of the merger the exact merger consideration to be received by the Shareholder.

EFFECTIVE DATE OF THE MERGER

The merger is expected to be consummated as soon as practicable after the Shareholders meeting.

THE ELECTION

SHARES WHICH ARE NOT SUBJECT TO AN EFFECTIVE ELECTION WILL AUTOMATICALLY BE CONSIDERED NON-ELECTING SHARES. Elections must be submitted to the Exchange Agent: Mellon Investor Services LLC. The election deadline is 5:00 PM, New York City time, on February 4, 2002. EXPE Shareholders must observe all terms and conditions for the election as specified in the EXPE/USAI Joint Proxy Statement/Prospectus. Among such items, it should be noted EXPE Shares may be delivered pursuant to an election under "Notices of Guaranteed Delivery", which allows delivery of EXPE shares within **two** NASDAQ NMS trading days of submission of the notices. UED options can be exercised and elections made under Notices of Guaranteed Delivery, up to one day before the election deadline. As mentioned above, it is not known if elections will be possible after this date. In all cases, Call option holders exercising in order to obtain stock for an election must exercise in sufficient time to be able to make valid delivery pursuant of the election procedures.

THE MERGER CONSIDERATION: PRORATIONS

The EXPE election for Class B Shares will be subject to prorations as described in the EXPE/USAI Joint Proxy Statement/ Prospectus. Because the election procedures allow for delivery of EXPE stock under Notices of Guaranteed Delivery, the result of the elections may not be known until some time after the election deadline. Prorations cannot be exactly determined until after the result of the elections is determined. Accordingly, THE MERGER CONSIDERATION TO BE ACTUALLY RECEIVED BY CLASS B ELECTING EXPE SHAREHOLDERS MAY NOT BE KNOWN UNTIL AFTER THE EFFECTIVE DATE OF THE MERGER.

THE FOREGOING IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE MERGER, PREPARED BY OCC FOR THE CONVENIENCE OF CLEARING MEMBERS. OCC ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. CLEARING MEMBERS SHOULD REFER TO THE EXPE/USAI JOINT PROXY STATEMENT/PROSPECTUS DATED NOVEMBER 13, 2001 AND THE SUPPLEMENT DATED JANUARY 14, 2002, FOR THE AUTHORITATIVE DESCRIPTION OF THE MERGER AND ALL ITS TERMS AND CONDITIONS.

CONTRACT ADJUSTMENT

Pursuant to Article VI, Section 11, of OCC's By-Laws, a panel of OCC's Securities Committee has determined to adjust all UED options as indicated below (the panel consists of two representatives from the Exchanges on which the affected option is traded (in this case The Chicago Board Options Exchange ("CBOE"), The American Stock Exchange ("AMEX"), The Philadelphia Stock Exchange ("PHLX"), The Pacific Exchange ("PCX"), The International Securities Exchange ("ISE") and the Chairman of OCC or his delegee, who only votes in case of a tie)).

DATE:	Effective the opening of the business day after the merger is consummated.						
OPTION SYMBOL:	UED changes to QAS						
STRIKE PRICES:	No Change						
NUMBER OF CONTRACTS:	No Change						
MULTIPLIER	100 (e.g., for premium or strike price extensions, 1.00 equals \$100)						
NEW DELIVERABLE PER CONTRACT:	The deliverable for adjusted QAS options will be BASED ON THE MERGER CONSIDERATION WHICH ACCRUES TO NON-ELECTING EXPE COMMON SHAREHOLDERS (stated in terms of a current 100-Share EXPE deliverable) <table><tbody><tr><td>1)</td><td>100 Expedia, Inc. ("EXPE") Common Shares</td></tr><tr><td>2)</td><td>19 Expedia, Inc. Warrants</td></tr><tr><td>*3)</td><td>Cash in lieu of .20 fractional Expedia, Inc. Warrants</td></tr></tbody></table>	1)	100 Expedia, Inc. ("EXPE") Common Shares	2)	19 Expedia, Inc. Warrants	*3)	Cash in lieu of .20 fractional Expedia, Inc. Warrants
1)	100 Expedia, Inc. ("EXPE") Common Shares						
2)	19 Expedia, Inc. Warrants						
*3)	Cash in lieu of .20 fractional Expedia, Inc. Warrants						

DELAYED SETTLEMENT

OCC will delay settlement of QAS option exercise/assignment activity until the determination of the cash in lieu of fractional EXPE Warrants.

IMPORTANT EXERCISE CONSIDERATIONS

After the merger is consummated and the contract adjustment described above is effected, outstanding adjusted QAS Call option holders will receive upon exercise (and Put holders deliver upon exercise) the aggregate Non-electing merger consideration (on a per contract basis). IF UED CALL OPTION HOLDERS DO NOT WISH TO RECEIVE THE AGGREGATE COMMON SHARE CONSIDERATION UPON EXERCISE AFTER THE CONTRACT ADJUSTMENT, THEY MUST EXERCISE **ONE DAY IN ADVANCE** OF THE ELECTION DEADLINE AND SUBMIT ELECTIONS PURSUANT TO THE ELECTION PROCEDURES DESCRIBED IN THE PROXY STATEMENT/ PROSPECTUS.

The election deadline is 5:00 PM, New York City time, on February 4, 2002. Exercisers must exercise in sufficient time, and observe all terms and conditions for making a valid election (See "The Election").

PROTECT PROVISIONS

Until the contract adjustment is effected, exercises of UED options will continue to be settled in the regular manner, through National Stock Clearing Corporation ("NSCC"). Where an exercise is settled through NSCC, the rights of the exercising or assigned Clearing Member are governed by the rules of the NSCC. OCC understands that the NSCC has rules or procedures designed to enable purchasers of stock subject to an election, tender, or similar event, to protect themselves for the value accruing to that event. These rules generally provide that persons effecting purchase transactions (including call exercises) on or before a deadline (including any election deadline) can be protected for the value of the event if Shares are not delivered to them in sufficient time to enable them to participate in the event, provided timely and proper notice of a participant's need and desire for protection is given to the NSCC. These rules are generally referred to as "protect" or "liability notice" procedures. Sellers of stock (including assigned call writers), who fail to make timely delivery to the NSCC, may be subject to liability under these procedures. Clearing Members should review these procedures of the NSCC to determine the appropriate timing for actions required to be taken to protect themselves with respect to the EXPE election. Specific questions as to these rules should be addressed to the NSCC.

SPECIAL RISKS

CALL OPTIONS

Writers of call options who are uncovered with respect to deliverable securities subject to deadlines or cut-off times (such as expirations of tender offers, rights subscriptions, elections, or similar events) should be aware of a risk associated with the timing of their possible assignments: Equity option exercise settlement normally occurs 3 business days after the exercise date, and 2 business days after the assignment date. An uncovered call writer who has an obligation to deliver securities in 2 business days of his assignment may not be able to fulfill his delivery obligation by effecting a regular-way purchase (3 business-day settlement) or call option exercise (3 business-day settlement after exercise). Such uncovered writer may nevertheless be subject to liability under the "protect" provisions of NSCC (see above) with respect to his assignment delivery obligation, because he cannot make delivery in 2 business days. Additionally, Cash Market (same-day, or less-than-3-business day settlement) may not be available, or may be expensive for buyers.

PUT OPTIONS

Writers of put options should be aware that events such as expiration of election deadlines or similar events may have significant--possibly adverse--effects on the market value of the underlying security put writers would be obligated to buy if assigned as a result of an exercise done after the expiration of such deadlines, insofar as such securities would no longer be subject to elections, tenders, or similar actions.

THE FOREGOING POSSIBLE ADJUSTMENT IS BASED ON THE INFORMATION AVAILABLE AT THIS TIME. THE DETERMINATION TO ADJUST AND THE EXTENT OF THE ADJUSTMENT ARE SUBJECT TO CHANGE AS ADDITIONAL INFORMATION BECOMES AVAILABLE OR IF THERE ARE MATERIAL CHANGES TO THE TERMS OF THIS MERGER.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

Questions regarding this memo can be addressed to Member Services at (800) 544-6091. Within Canada call (800) 424-7320.

CATEGORY: CONTRACT ADJUSTMENT

SUB-CATEGORY: ELECTION MERGER