

INTERACTIVECORP
Form 11-K
June 30, 2003

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 11-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

or

**TRANSITION REPORT PURSUANT TO SECTION 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE TRANSITION PERIOD FROM _____ TO
COMMISSION FILE NUMBER 0-20570**

A. FULL TITLE OF THE PLAN AND THE ADDRESS OF THE PLAN, IF DIFFERENT
FROM THAT OF THE ISSUER NAMED BELOW:

USA Interactive Retirement Savings Plan

(formerly USA Networks, Inc. Retirement Savings Plan Commerce)

B. NAME OF ISSUER OF THE SECURITIES HELD PURSUANT TO THE PLAN AND THE
ADDRESS OF ITS PRINCIPAL EXECUTIVE OFFICE:

InterActiveCorp
152 West 57th Street
New York, New York
10019

REQUIRED INFORMATION

1. Not applicable.

2. Not applicable.

3. Not applicable.

4. The USA Interactive Retirement Savings Plan (formerly the USA Networks, Inc. Retirement Savings Plan Commerce) (the "Plan") is subject to the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). Attached hereto as Appendix I is a copy of the most recent financial statements and schedules of the Plan prepared in accordance with the financial reporting

requirements of ERISA.

Exhibits

(23) Consent of Ernst & Young LLP.

(99) Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

USA INTERACTIVE RETIREMENT SAVINGS PLAN (formerly USA Networks, Inc. Retirement Savings Plan Commerce)

Date: June 30, 2003

By: /s/ KARLA PACKER

Karla Packer
Vice President, Human Resources
InterActiveCorp
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Appendix I

Financial Statements and Supplemental Schedules

USA Interactive Retirement Savings Plan (formerly USA Networks, Inc. Retirement Savings Plan Commerce) December 31, 2002 and 2001 and year ended December 31, 2002 with Report of Independent Certified Public Accountants

USA Interactive Retirement Savings Plan
(formerly USA Networks, Inc. Retirement Savings Plan Commerce)

Financial Statements
and Supplemental Schedules

As of December 31, 2002 and 2001 and Year ended December 31, 2002

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Report of Independent Certified Public Accountants

The Administrative Committee
USA Interactive Retirement Savings Plan

We have audited the accompanying statements of net assets available for benefits of the USA Interactive Retirement Savings Plan (formerly USA Networks, Inc. Retirement Savings Plan Commerce) as of December 31, 2002 and 2001, and the related statement of changes in net assets available for benefits for the year ended December 31, 2002. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2002 and 2001, and the changes in its net assets available for benefits for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2002 and nonexempt transactions for the year then ended, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

June 27, 2003
Tampa, Florida

USA Interactive Retirement Savings Plan
(formerly USA Networks, Inc. Retirement Savings Plan Commerce)

Statements of Net Assets Available for Benefits

	December 31,	
	2002	2001
Assets		
Investments, at fair value	\$ 82,396,718	\$ 82,636,985
Receivables:		
Participant	397,846	317,465
Employer	124,341	98,245
Total receivables	522,187	415,710
Net assets available for benefits	\$ 82,918,905	\$ 83,052,695

December 31,

See accompanying notes.

USA Interactive Retirement Savings Plan
(formerly USA Networks Inc. Retirement Savings Plan Commerce)

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2002

Additions to net assets attributed to:

Investment income:	
Dividend and interest income	\$ 1,682,370
Contributions:	
Participant contributions	11,020,480
Employer contributions	3,988,061
Participant rollover contributions	794,440
Transfers from other plans	3,284,953
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Total additions	20,770,304

Deductions from net assets attributed to:

Net realized and unrealized depreciation in fair value of plan investments	12,924,224
Benefits paid to participants	7,941,410
Administrative expenses	38,460
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Total deductions	20,904,094
	<hr/>
Net decrease in net assets available for benefits	(133,790)
Net assets available for benefits beginning of year	83,052,695
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Net assets available for benefits end of year	\$ 82,918,905
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See accompanying notes.

USA Interactive Retirement Savings Plan
(formerly USA Networks, Inc. Retirement Savings Plan Commerce)

Notes to Financial Statements

December 31, 2002

1. Description of the Plan

The following description of the USA Interactive Retirement Savings Plan, formerly USA Networks, Inc. Retirement Savings Plan Commerce, (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

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The Plan is a defined contribution Plan covering substantially all employees of certain affiliated companies of USA Interactive (the Company). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Effective January 1, 2002, the Plan was amended and restated to change its name from USA Networks, Inc. Retirements Savings Plan Commerce to USA Interactive Retirement Savings Plan and also was amended to comply with the requirements of the Economic Growth and Tax Relief Reconciliation Act of 2001.

During 2002, an affiliated company of USA Interactive covered by the Plan acquired Access Direct Telemarketing, Hancock Information Group and Avalutus. As a result of these acquisitions, assets of \$3,284,953 were transferred into the Plan.

Contributions

Participants can make contributions through payroll deductions ranging from 1% to 16% of their compensation as defined in the Plan, limited to \$11,000 and \$10,500 in 2002 and 2001, respectively. Participants can direct their contributions to any of the Plan's fund options and may change their investment options on a daily basis.

The Company contributes an amount equal to 50% of the first 6% of compensation that a participant contributes in each payroll period to the Plan. The Company may also make a discretionary contribution of funds which is set annually by the Company's Board of Directors. For the year ended December 31, 2002, the Company's matching contribution was \$3,988,061. No discretionary contributions were made to the Plan.

Vesting

Participant contributions are fully vested at the time of contribution. Participants are 100% vested in the Company contribution portion of their accounts plus actual earnings thereon after four years of credited service and the vesting occurs ratably over the four years.

Eligibility

Participants must be 21 years of age or older and have completed at least 30 days of service, as defined in the Plan document.

Participants' Accounts

Each participant's account is credited with the participant's contribution and allocations of the Company's contributions and Plan earnings. Allocations are based on participant account balances as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Forfeitures

Company matching contributions that become forfeitures are first made available to reinstate previously forfeited account balances of qualifying participants who have left the Company and have subsequently returned. The remaining amount, if any, is used to reduce the Company's matching contributions. Forfeited non-vested accounts totaled \$296,879 and \$2,036,636 at December 31, 2002 and 2001, respectively.

Participant Loans

Participants may borrow from their fund accounts a minimum of \$500 up to a maximum equal to the lesser of \$50,000 reduced by the highest outstanding loan balance within the last 12 months or 50% of their vested account balances. With the exception of loans used to purchase a primary residence which can have terms up to 15 years, loan terms are limited to a maximum of five years. Loans are secured by the balance in the participant's account and bear interest at a rate commensurate with commercial prevailing rates as determined by the Plan administrator. Principal and interest are paid ratably through biweekly payroll deductions.

Payment of Benefits

Upon a participant's retirement, death, disability or other interruption of continuous service, his/her entire vested account balance will be distributed in the form of a lump sum unless the participant's vested balance is at least \$5,000 and the participant elects to leave such amounts in the Plan.

Plan Termination

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Although the Company has expressed no intent to terminate the Plan, in the event that the Plan is terminated by the Company, all amounts credited to the participants' accounts would become 100% vested and the net assets would be distributed to participants.

Administrative Expenses

Substantially all of the administrative expenses are paid by the Company. Participants are responsible for certain transaction fees related to their respective account, such as loan set-up fees and hardship withdrawal fees. These participant fees were \$38,460 for the year ended December 31, 2002.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Investments

The Plan's investments are stated at fair value. The shares of registered investment companies are valued at quoted market prices which represent the net asset values of shares held by the Plan at year end. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year. The participant loans are valued at their outstanding balances, which approximate fair value.

Purchases and sales of securities are recorded as of their trade date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

3. Investments

During 2002, the Plan's investments (including investments purchased, sold and held during the year) depreciated in fair value as determined by quoted market prices as follows:

Investments in mutual funds	\$	10,112,151
Investments in USA Interactive stock		2,812,073
	\$	12,924,224

The Plan's investments are held in a bank-administered trust fund. The following are investments that represent 5% or more of the Plan's net assets.

	December 31,	
	2002	2001
American Century Ultra Fund	\$ 6,283,774	\$ 6,771,388
American Century Strategic Aggressive Fund	6,248,826	5,535,517
JP Morgan Diversified Fund	4,422,804	4,799,138
JP Morgan Smart Index Fund	10,551,630	13,546,230
American Century Stable Asset Fund	15,243,980	11,678,641
USA Interactive Stock	14,738,434	19,286,784

4. Income Tax Status

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The Plan has received a determination letter from the Internal Revenue Service dated May 19, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan sponsor has indicated that it will take the necessary steps, if any, to maintain the Plan's qualified status.

5. Subsequent Event

Subsequent to December 31, 2002, the Company, as permitted by the relevant plan documents, made the decision to merge the USA Interactive Retirement Savings Plan Networks into the USA Interactive Retirement Savings Plan effective August 1, 2003. As a result, effective August 1, 2003, all of the net assets available for benefits of the USA Interactive Retirement Savings Plan Networks will have been transferred to the USA Interactive Retirement Savings Plan.

Supplemental Schedules

USA Interactive Retirement Savings Plan
(formerly USA Networks, Inc. Retirement Savings Plan Commerce)

E.I.N. 59-2712887 Plan No: 001
Schedule H, Line 4i

Schedule of Assets (Held at End of Year)

December 31, 2002

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(e) Current Value
*	American Century Ultra Fund	Mutual fund	\$ 6,283,774
*	American Century Value Fund	Mutual fund	3,882,501
*	American Century International Growth Fund	Mutual fund	2,362,484
*	American Century Strategic Conservative Fund	Mutual fund	1,305,432
*	American Century Strategic Moderate Fund	Mutual fund	3,614,149
*	American Century Strategic Aggressive Fund	Mutual fund	6,248,826
	Schwab Composite Fund	Mutual fund	644,879
	JP Morgan Diversified Fund	Mutual fund	4,422,804
	JP Morgan Bond Fund	Mutual fund	3,662,381
	JP Morgan Smart Index Fund	Mutual fund	10,551,630
	Lord Abbett & Co Developing Growth Fund Class A	Mutual fund	2,836,968
	Legg Mason Value Institutional Port FI	Mutual fund	2,485,507
*	American Century Stable Asset Fund	Collective trust fund	15,243,980
*	USA Interactive Stock	Common stock	14,738,434
			<hr/>
			78,283,749
*	Participant Loans	5.25% to 10.5%	4,112,969
			<hr/>
			\$ 82,396,718
			<hr/>

* Party-in-interest.

Note: Cost information has not been included in column (d), because all investments are participant-directed.

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USA Interactive Retirement Savings Plan
(formerly USA Networks Inc. Retirement Savings Plan Commerce)

E.I.N. 59-2712887 Plan No: 001
Schedule G, Part III

Schedule of Nonexempt Transactions

Year ended December 31, 2002

(a) Identity of Party Involved	(b) Relationship to Plan, Employer, or Other Party-in-Interest	(c) Description of Transactions Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(h) Cost of Asset
Ticketmaster	Employer	Late remittance of participant contributions for January 2002 made February 22, 2002	\$ 192,219
Precision Response Corporation	Employer	Late remittance of participant contributions for March 2002 made April 22, 2002	157,367
Precision Response Corporation	Employer	Late remittance of participant contributions for May 2002 made June 27, 2002	146,913
Precision Response Corporation	Employer	Late remittance of participant contributions for July 2002 made August 22, 2002	113,729

Note: Columns (d) through (g) and (i) and (j) are not applicable.

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