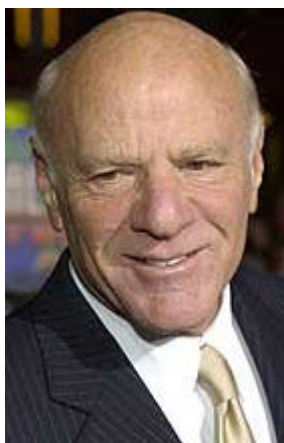


## DILLER'S USAI BUYS LENDINGTREE.COM

By LAUREN BARACK



**BARRY DILLER**  
*Branching out.*  
 - Getty Images

May 6, 2003 -- USA Interactive branched out into the online housing market with its purchase of LendingTree.com for about \$734 million.

While the online loan service company is a new business sector for USAI, it's a smart one, say analysts, who believe that LendingTree is positioned to grow - even if the housing boom goes bust.

"Actually, LendingTree is less efficient in this environment because mortgage companies have little trouble finding customers," said Shawn Milne, principal senior research analyst at SoundView Technology Group.

"If the interest rates increase, and the environment changes, than the banks will need to compete for customers."

Instead of offering loans directly, LendingTree operates as a middleman - helping customers find loans through lenders. The site brokered \$22 billion in loans last year, or 0.7 percent of the market according to Doug Lebda, LendingTree's founder and CEO, who will stay on with the company.

LendingTree's model is similar to USAI's Match.com and Hotels.com, which both act as brokers for people finding dates or accommodations.

Barry Diller, USAI's chairman, had told analysts to "stay tuned" for future acquisitions in last week's earnings call. And he is keeping his plans to grow the New York-based USAI into an Internet conglomerate.

USAI's stable also includes Ticketmaster, the CitySearch Web sites and home-shopping television network HSN. Diller has also agreed to buy the minority stakes that he doesn't already own in online travel site Expedia and Hotels.com.

LendingTree will get 0.6199 shares of USAI stock for each of its shares, valuing the sale between \$626 million to \$734 million.

USAI stock closed at \$34.10, down 86 cents or 2.5 percent. LendingTree's stock grew exponentially, as the Street approved the news, closing at \$20.72, up \$6.03, or 41.05 percent.

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