

Expedia, Inc.
Form 4
August 25, 2005

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
DILLER BARRY

(Last) (First) (Middle)
152 W. 57TH ST

(Street)

NEW YORK, NY 10019

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Expedia, Inc. [EXPE]

3. Date of Earliest Transaction (Month/Day/Year)
08/23/2005

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
Chairman

6. Individual or Joint/Group Filing (Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock ⁽¹⁾ | 08/09/2005 | | J ⁽¹⁾ | | 1,642,918 | A | \$ 0 |
| Common Stock | 08/23/2005 | | M | | 1,895,847 | A | \$ 5.04 |
| Common Stock | 08/23/2005 | | F ⁽³⁾ | | 445,978 | D | \$ 21.43 |
| Common Stock | 08/23/2005 | | F ⁽⁴⁾ | | 721,822 | D | \$ 21.43 |
| | | | | | | | 1,642,918 ⁽²⁾ |
| | | | | | | | 3,538,765 ⁽²⁾ |
| | | | | | | | 3,092,787 ⁽²⁾ |
| | | | | | | | 2,370,965 ⁽²⁾ |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | |
|---|--|--------------------------------------|--|--------------------------------|--|-----------|--|------------------------------|------------------------------|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | |
| Options to Purchase Common Stock ⁽⁵⁾ | \$ 5.04 | 08/09/2005 | | J ⁽⁵⁾ | V | 1,895,847 | | 08/09/2005 ⁽⁶⁾ | 08/25/2005 ⁽⁶⁾ |
| Options to Purchase Common Stock | \$ 5.04 | 08/23/2005 | | M | | 1,895,847 | | 08/09/2005 | 08/25/2005 |
| Options to Purchase Common Stock ⁽⁵⁾ | \$ 4.2 | 08/09/2005 | | J ⁽⁵⁾ | | 6,381,250 | | 08/09/2005 ⁽⁶⁾ | 11/24/2005 ⁽⁶⁾ |
| Options to Purchase Common Stock ⁽⁵⁾ | \$ 6.84 | 08/09/2005 | | J ⁽⁵⁾ | | 1,250,000 | | 08/09/2005 ⁽⁶⁾ | 11/27/2005 ⁽⁶⁾ |
| Options to Purchase Common Stock ⁽⁵⁾ | \$ 8.59 | 08/09/2005 | | J ⁽⁵⁾ | | 9,500,000 | | 08/09/2005 ⁽⁶⁾ | 10/17/2007 ⁽⁶⁾ |
| Options to Purchase Common Stock ⁽⁵⁾ | \$ 28.49 | 08/09/2005 | | J ⁽⁵⁾ | | 2,400,000 | | 06/07/2010 ⁽⁶⁾⁽⁷⁾ | 06/07/2015 ⁽⁶⁾⁽⁷⁾ |
| Options to Purchase | \$ 38.35 | 08/09/2005 | | J ⁽⁵⁾ | | 1,400,000 | | 06/07/2010 ⁽⁶⁾⁽⁷⁾ | 06/07/2015 ⁽⁶⁾⁽⁷⁾ |

Common
Stock ⁽⁵⁾

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|----------|-------|
| | Director | 10% Owner | Officer | Other |
| DILLER BARRY 152 W. 57TH ST NEW YORK, NY 10019 | X | | Chairman | |

Signatures

Keenan Conder as Attorney-in-Fact for Barry
Diller 08/25/2005

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Represents shares of Expedia Common Stock received in connection with the spin-off by IAC/InterActiveCorp ("IAC") of Expedia, Inc. ("Expedia"), which was completed on August 9, 2005 (the "Spin-Off"). The Spin-Off, which was immediately preceded by a one-for-two reverse stock split (the "Reverse Stock Split"), was effected by way of a reclassification, pursuant to which each share of IAC Common Stock, par value \$0.01 ("Old IAC Common Stock"), was reclassified into one share of IAC Common Stock, par value \$0.001 ("New IAC Common Stock"), and 1/100 of a share of IAC Series 1 Mandatory Exchangeable Preferred Stock, which was automatically exchanged into one share of Expedia Common Stock.

(2) Excludes shares of Expedia Common Stock held by the reporting person's spouse and a family foundation, of which the reporting person is a trustee. The reporting person disclaims beneficial ownership of all shares of Expedia Common Stock held by his spouse and the family foundation.

(3) Represents shares of Expedia Common Stock withheld to cover the payment of the exercise price in connection with the exercise of stock options.

(4) Represents shares of Expedia Common Stock withheld for payment of taxes due in connection with the exercise of stock options.

(5) Represents vested and unvested options to purchase Expedia Common Stock received in connection with the Spin-Off. In connection with the Spin-Off, each of the reporting person's vested and unvested options to purchase shares of Old IAC Common Stock converted into vested and unvested options (as applicable) to purchase shares of New IAC Common Stock and vested and unvested options (as applicable) to purchase shares of Expedia Common Stock, with adjustments to the number of shares subject to each vested and unvested option (as applicable) and the option exercise prices based on the relative market capitalizations of IAC and Expedia after giving effect to the Spin-Off and Reverse Stock Split.

(6) Other than the adjustments described in footnote 5 above, vested and unvested options to purchase Expedia Common Stock received in connection with the Spin-Off have the same terms and conditions, including the same exercise periods, as the vested and unvested options to purchase Old IAC Common Stock had immediately prior to the Spin-Off and Reverse Stock Split.

(7) The terms of the initial grant provide for vesting in one lump installment on the fifth anniversary of the grant date, June 7, 2005, and expiration on the tenth anniversary of the grant date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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