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# EXPEDIA, INC.

Reported by

**KHOSROWSHAHI DARA**

# FORM 4

(Statement of Changes in Beneficial Ownership)

Filed 08/02/12 for the Period Ending 07/31/12

| | |
|---|---|
| Address | 333 108TH AVENUE NE<br>BELLEVUE, WA 98004 |
| Telephone | (425) 679-7200 |
| CIK | 0001324424 |
| Symbol | EXPE |
| Fiscal Year | 12/31 |

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# FORM 4

[ ] Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

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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(f) of the Investment Company Act of 1940

| 1. Name and Address of Reporting Person * | 2. Issuer Name **and** Ticker or Trading Symbol | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) |
|---|---|---|
| **KHOSROWSHAHI DARA** | **Expedia, Inc. [ EXPE ]** | |
| (Last) (First) (Middle) | 3. Date of Earliest Transaction (MM/DD/YYYY) | __ **X** __ Director _____ 10% Owner |
| **C/O EXPEDIA, INC., 333 - 108TH AVENUE N.E.** | **7/31/2012** | __ **X** __ Officer (give title below) _____ Other (specify below) **CEO** |
| (Street) | 4. If Amendment, Date Original Filed (MM/DD/YYYY) | 6. Individual or Joint/Group Filing (Check Applicable Line) |
| **BELLEVUE, WA 98004** | | _ **X** _ Form filed by One Reporting Person |
| (City) (State) (Zip) | | ___ 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. Trans. Date | 2A. Deemed Execution Date, if any | 3. Trans. 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** | **8/2/2012** | | **M** | | **320000.0000** (1) | **A** | **$0.0000** | **502501.0000** | **D** | |
| **Common Stock** | **8/2/2012** | | **F** | | **116640.0000** | **D** | **$56.4000** | **385861.0000** | **D** | |

### Table II - Derivative Securities Beneficially Owned ( *e.g.* , puts, calls, warrants, options, convertible securities)

| 1. Title of Derivate Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Trans. Date | 3A. Deemed Execution Date, if any | 4. Trans. Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 6. Date Exercisable and Expiration Date | | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |
| **Options to Purchase Common Stock** | **$56.9900** | **7/31/2012** | | **A** | | **300000.0000** | | **7/31/2013** (2) | **7/31/2019** (2) | **Common Stock** | **300000.0000** | **$0.0000** | **300000.0000** | **D** | |
| **Restricted Stock Units** | **$0.0000** | **7/31/2012** | | **A** | | **50000.0000** | | **7/31/2015** (3) | **7/31/2015** | **Common Stock** | **50000.0000** | **$0.0000** | **50000.0000** | **D** | |
| **Restricted Stock Units** | **$0.0000** | **8/2/2012** | | **M** | | | **320000.0000** | (1) | (1) | **Common Stock** | **320000.0000** | **$0.0000** | **0.0000** | **D** | |

**Explanation of Responses:**

**( 1)** Vesting accelerated pursuant to employment agreement between Mr. Khosrowshahi and Expedia, Inc. (the "Company") effective August 2, 2012 (the "Acceleration Date"). Mr. Khosrowshahi has agreed to not sell, transfer, assign or pledge shares of the Company's common stock received upon such acceleration, net of shares withheld for taxes, for a period of three (3) years from the Acceleration Date.

**( 2)** Date at which first vesting occurs is indicated. One-fourth of the total number of options to purchase the Company's common stock vests on the first vesting date and an additional one-fourth on each anniversary thereafter until fully vested, and expiration on the seventh anniversary of the grant date.

**( 3)** Subject to the satisfaction of certain performance-related conditions.

**Reporting Owners**

| Reporting Owner Name / Address | Relationships | | | |
|---|---|---|---|---|
| | Director | 10% Owner | Officer | Other |
| **KHOSROWSHAHI DARA<br>C/O EXPEDIA, INC.<br>333 - 108TH AVENUE N.E.<br>BELLEVUE, WA 98004** | **X** | | **CEO** | |

**Signatures**

**/s/ Michael S. Marron, Attorney-in-fact** **8/2/2012**

** Signature of Reporting Person — Date

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

***** 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).

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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