



Compensation/Section 16 Committee Charter

Purpose

The Compensation Committee is appointed by the Board of Directors (the "*Board*") of Expedia, Inc. (the "*Company*") to discharge certain of the Board's responsibilities relating to (i) compensation of the Company's Chief Executive Officer (the "*CEO*") and each other "executive officer," as such term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934 (the "*Exchange Act*"), of the Company (collectively, and including the CEO, the "*Executive Officers*") and (ii) administration of the Company's stock plans, as set forth below. The Section 16 Committee is appointed by the Board solely to discharge the responsibilities of the Board related to Rule 16b-3 under the Exchange Act. The Compensation Committee and the Section 16 Committee are referred to herein collectively as the "Committees."

Membership and Meetings of the Committees

The members of the Committees shall be appointed by the Board. The Board shall appoint one member of each Committee as its Chairman. Each Committee may form and delegate authority to subcommittees as it deems appropriate. The Committees shall meet, in person or telephonically, as often as necessary to carry out their responsibilities and may conduct joint meetings, if desirable.

The Compensation Committee shall consist of no fewer than two members. The members of the Compensation Committee shall qualify as "outside" directors within the meaning of Internal Revenue Code §162(m).

The Section 16 Committee shall consist of no fewer than two members. The members of the Section 16 Committee shall qualify as "non-employee" directors within the meaning of Rule 16b-3 of the Exchange Act.

Compensation Committee Responsibilities and Authority

1. The Compensation Committee shall, at least annually, review and approve the annual base salaries of the Executive Officers. The CEO shall not be present during any Compensation Committee deliberations or voting with respect to his or her compensation.
2. Except as specifically reserved to the Section 16 Committee, the Compensation Committee shall, periodically and as and when appropriate, review and approve the following as they affect the Executive Officers:
 - a. all non-equity incentive awards;
 - b. any employment agreement or severance arrangement;
 - c. any change-in-control agreement or change-in-control provision; and
 - d. any special or supplemental compensation, including the perquisites provided during and after employment other than those pursuant to an overall company plan.
3. The Compensation Committee shall oversee the Company's compliance with the requirement under the NASDAQ Marketplace Rules that, with limited exceptions, stockholders approve equity compensation plans.
4. Except for such matters expressly delegated to the Section 16 Committee, the Compensation Committee shall be responsible for administering the Company's equity compensation plans and granting awards under such stock plans.
5. The Compensation Committee shall, as and when required, establish performance goals and certify, based on a review of supporting materials provided by management, that performance goals have been attained for purposes of Internal Revenue Code §162(m).

Section 16 Committee Responsibilities and Authority

The Section 16 Committee shall have sole authority to approve all matters governed by Rule 16b-3 under the Exchange Act.

The CEO shall not be present during any Section 16 Committee deliberations or voting with respect to his or her equity compensation.

Responsibilities of Both Committees

1. The Committees shall review and discuss with management the Company's proposed disclosures to be included in the "Compensation Discussion and Analysis" (the "CD&A") section of the Company's proxy statements, and based on such review and discussion, make a recommendation to the Board regarding the inclusion of the CD&A in the Company's proxy statements.
2. The Committees shall review and approve the annual Compensation Committee Report for inclusion in the Company's proxy statement in compliance with the rules and regulations promulgated by the Securities Exchange Commission.
3. The Committees may retain compensation consultants to be used for the purpose of assisting the Committees in their evaluation of Executive Officer compensation. If the Committees elect to retain a consultant, the Committees shall have the sole authority to terminate such consultant and to approve such consultant's fees and the other terms and conditions of such consultant's retention.
4. The Committees shall review this charter at least annually.
5. The Committees shall make regular reports to the Board.
6. The Committees shall be responsible for other compensation matters as from time to time may be directed by the Board.