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EXPEDIA INC
Form 425
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Filed by Expedia, Inc.
Pursuant to Rule 165 and Rule 425
under the Securities Act of 1933
Subject Company: Expedia, Inc.
Commission File No. 000-27429

If an exchange offer for Expedia shares is commenced, investors and security holders are urged to read USA Interactive's exchange offer statement for Expedia and Expedia's solicitation/recommendation statement on schedule 14D-9 to be filed with the Securities and Exchange Commission when they become available because these documents will contain important information. Investors and security holders will be able to obtain these documents and other documents filed by Expedia and USA Interactive free of charge at the SEC's website at www.sec.gov. In addition, Expedia's solicitation/recommendation statement on schedule 14D-9 may be obtained free of charge by contacting Expedia, Inc., 13810 SE Eastgate Way, Suite 400, Bellevue, Washington, 98005, Attention: Investor Relations.

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include the information relating to possible or assumed future results of operations of Expedia and its subsidiaries, including those preceded by, followed by or that include the words believes, could, projects, budgets, estimates, intends, expects, and similar expressions. These statements reflect the current views of Expedia with respect to future events, and are based on information currently available to Expedia. These forward-looking statements are subject to risks, uncertainties and assumptions that may affect the operations, performance, development and results of Expedia's and its subsidiaries' business. The following important factors, in addition to those described in Expedia's filings with the Securities and Exchange Commission, could affect the future results of Expedia and the other subsidiaries of Expedia described in this document, and could cause those results to differ materially from those expressed in the forward-looking statements: material adverse changes generally or in economic conditions in the markets served by our businesses; future regulatory actions and conditions in our businesses' operating areas; competition from others; successful integration of recently acquired businesses; product demand and market acceptance; the ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms; the ability to expand into and successfully operate in foreign markets; and obtaining and retaining key executives and employees. You are cautioned not to place undue reliance on these forward-looking statements, which are made as of the date of this document. Expedia undertakes no obligation to update or revise the forward-looking statements contained in this document, whether as a result of new information, future events or any other reason.

FOR RELEASE 4:05 A.M. (PST)

June 3, 2002

**Expedia, Inc.'s Statement on USA Interactive's Announced Intention
to Make an Exchange Offer for Expedia's Remaining Shares**

Bellevue, Wash. June 3, 2002 Expedia, Inc.'s (Nasdaq:EXPE) Board of Directors received a letter from its majority shareholder, USA Interactive (Nasdaq: USAI), announcing USA's intention to make an exchange offer in the near future for the shares of Expedia that it does not currently own. The Expedia Board of Directors is forming a special committee of independent directors which will assess USA's announcement and any related offer to determine whether it is in the best interests of Expedia's shareholders.

We've received the letter stating USA's intention to make an offer and are forming a special committee of independent directors to evaluate that offer on behalf of our shareholders, said Richard Barton, president and CEO of Expedia, Inc.

About Expedia, Inc.

Expedia, Inc. (NASDAQ: EXPE) is the world's leading online travel service and was the seventh largest travel agency in the United States in the most recent agency rankings. To meet the needs of travelers around the globe, it operates Expedia.com in the United States and localized versions throughout Europe and Canada. Expedia operates Classic Custom Vacations, Inc., a leading wholesaler of premiere vacation packages to destinations such as Hawaii, Mexico, Europe and the Caribbean. Travelscape, Inc., wholly owned by Expedia, also operates as WWTE, a private-label online travel business that supplies car and hotel inventory to third parties. Expedia is a majority-owned subsidiary of USA Networks, Inc.'s (NASDAQ: USAI) Interactive Group.

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