

Expedia, Inc.
Form SC TO-I/A
July 25, 2007

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 3 to

Schedule TO

Tender Offer Statement under Section

14(d)(1) or 13(e)(1) of the Securities Exchange Act of 1934

Expedia, Inc.

(Name of Subject Company (Issuer))

Expedia, Inc.

(Name of Filing Person (Offeror/Issuer))

Common Stock, Par Value \$.001 Per Share

(Title of Class of Securities)

30212P105

(CUSIP Number of Class of Securities)

Burke F. Norton, Esq.

Executive Vice President, General Counsel and Secretary

Expedia, Inc.

3150 139th Avenue S.E.

Bellevue, WA 98005

Telephone: (425) 679-7200

*(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Filing Persons)*

Copy to:

Pamela S. Seymon, Esq.

Wachtell, Lipton, Rosen & Katz

51 West 52nd Street

New York, New York 10019

Telephone: (212) 403-1000

CALCULATION OF FILING FEE

Transaction Valuation*

\$3,499,999,950

Amount of Filing Fee**

\$107,450

* Calculated solely for purposes of determining the amount of the filing fee. Pursuant to Rule 0-11(b)(1) of the Securities Exchange Act of 1934, as amended, the

Transaction
Valuation was
calculated by
multiplying
116,666,665
(the maximum
number of
shares originally
sought to be
repurchased) by
the maximum
possible tender
offer price of
\$30.00 per
share.

** The amount of
the filing fee,
calculated in
accordance with
Rule 0-11(b)(1)
of the Securities
Exchange Act
of 1934, as
amended, equals
\$30.70 per
million of the
value of the
transaction.

p Check box if
any part of the
fee is offset as
provided by
Rule 0-11(a)(2)
and identify the
filing with
which the
offsetting fee
was previously
paid. Identify
the previous
filing by
registration
statement
number, or the
Form or
Schedule and
the date of its
filing.

Edgar Filing: Expedia, Inc. - Form SC TO-I/A

Amount Previously Paid: \$107,450

Filing Party: Expedia, Inc.

Form or Registration No.: Schedule TO

Date Filed: June 29, 2007

☐ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

☐ third-party tender offer subject to Rule 14d-1.

☐ issuer tender offer subject to Rule 13e-4.

☐ going-private transaction subject to Rule 13e-3.

☐ amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: ☐

Amendment No. 3 to Schedule TO

This Amendment No. 3 amends and supplements the Tender Offer Statement on Schedule TO originally filed with the Securities and Exchange Commission (the Commission) on June 29, 2007 (the Schedule TO) by Expedia, Inc., a Delaware corporation (Expedia), as amended by Amendment No. 1 to Schedule TO filed with the Commission on June 29, 2007 and Amendment No. 2 to Schedule TO filed with the Commission on July 23, 2007, relating to the tender offer by Expedia pursuant to which Expedia is now offering to purchase for cash up to 25,000,000 shares of Expedia's common stock, par value \$.001 per share (Shares), at a price determined by Expedia of not more than \$30.00 nor less than \$27.50 per Share, net to the seller in cash, without interest. The offer to purchase is made upon the terms and subject to the conditions set forth in the offer to purchase, dated June 29, 2007 (the Offer to Purchase), the related letter of transmittal (the Letter of Transmittal), and the supplement to the Offer to Purchase, dated July 25, 2007 (the Supplement), which together, as each may be amended or supplemented from time to time, constitute the Offer.

This Amendment No. 3 is intended to satisfy the reporting requirements of Rule 13e-4(c)(3) of the Securities Exchange Act of 1934, as amended. Copies of the Offer to Purchase and the Letter of Transmittal were previously filed with the Schedule TO as Exhibits (a)(1)(A) and (a)(1)(B), respectively. A copy of the Supplement is filed as Exhibit (a)(1)(H) hereto. The information in the Offer to Purchase is incorporated into this Amendment No. 3 to the Schedule TO by reference in response to all of the applicable items in the Schedule TO, except that such information is hereby amended and supplemented to the extent provided herein.

Item 1. Summary Term Sheet.

Item 1 of the Schedule TO is hereby amended and supplemented by amending and supplementing the information set forth in the Offer to Purchase under Summary Term Sheet with the information set forth in the Supplement under the caption Questions and Answers, which is incorporated herein by reference.

Item 4. Terms of the Transaction.

(a) *Material Terms.* Item 4 of the of the Schedule TO is hereby amended and supplemented by amending and supplementing the information set forth in each of the following Sections of the Offer to Purchase with the information set forth in the Supplement, which is incorporated herein by reference:

Summary Term Sheet;

Introduction;

Section 1 (Number of Shares; Proration);

Section 2 (Purpose of the Tender Offer);

Section 5 (Purchase of Shares and Payment of Purchase Price);

Section 6 (Conditional Tender of Shares);

Section 7 (Conditions of the Tender Offer);

Section 9 (Source and Amount of Funds);

Section 10 (Certain Financial Information); and

Section 12 (Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Shares).

Item 5. Past Contacts, Transactions, Negotiations and Agreements.

Item 5 of the Schedule TO is hereby amended and supplemented by amending and supplementing the information set forth in Section 12 (Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Shares) of the Offer to Purchase with the information set forth in the Supplement under the caption Questions and Answers How will the tender offer affect the stock ownership levels of Barry Diller and Liberty Media Corporation? , which is incorporated herein by reference.

Item 6. Purposes of the Transaction and Plans or Proposals.

(a); (c) *Purposes; Plans.* Item 6 of the Schedule TO is hereby amended and supplemented by amending and supplementing the information set forth under Summary Term Sheet and in Sections 2 (Purpose of the Tender Offer) and 9 (Source and Amount of Funds) of the Offer to Purchase with the information set forth in the Supplement under the following captions, which is incorporated herein by reference:

Questions and Answers Why did Expedia reduce the number of shares it is offering to purchase in the tender offer ?

Questions and Answers How will Expedia pay for the shares?

Questions and Answers How will the purchase of shares in the tender offer affect Expedia s earnings per share?

Questions and Answers How many shares will Expedia purchase?

Questions and Answers Is the information in the offer to purchase showing the pro forma effect of the tender offer and financing still applicable?

Item 6 of the Schedule TO is hereby further amended by deleting the reference therein to Section 10 of the Offer to Purchase (Certain Financial Information Summary Unaudited Pro Forma Consolidated Financial Data).

Item 7. Source and Amount of Funds and Other Consideration.

(a); (b); (d) *Source of Funds; Conditions; Borrowed Funds.* Item 7 of the Schedule TO is hereby amended and supplemented by amending and supplementing the information set forth in Section 9 of the Offer to Purchase (Source and Amount of Funds) with the information set forth in the Supplement under the caption Questions and Answers How will Expedia pay for the shares? , which is incorporated herein by reference.

Item 7 of the Schedule TO is hereby further amended by deleting the reference therein to Section 10 of the Offer to Purchase (Certain Financial Information Summary Unaudited Pro Forma Consolidated Financial Data).

Item 8. Interest in Securities of the Subject Company.

(a) *Securities Ownership.* Item 8 of the Schedule TO is hereby amended and supplemented by amending and supplementing the information set forth in Section 12 of the Offer to Purchase (*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Shares*) with the information set forth in the Supplement under the caption *Questions and Answers* *How will the tender offer affect the stock ownership levels of Barry Diller and Liberty Media Corporation?* , which is incorporated herein by reference.

Item 10. Financial Statements.

Item 10 of the Schedule TO is hereby amended by deleting the reference therein to Section 10 of the Offer to Purchase (*Certain Financial Information*) and replacing it with a reference to Section 10 of the Offer to Purchase (*Certain Financial Information* *Historical Financial Information* and *Certain Financial Information* *Summary Historical Financial Data*).

Item 11. Additional Information.

(b) *Other Material Information.* Item 11(b) of the Schedule TO is hereby amended and supplemented with the information set forth in the Supplement, a copy of which is filed with this Amendment No. 3 to Schedule TO as Exhibit (a)(1)(H) and is incorporated herein by reference.

Item 12. Exhibits.

Item 12 of the Schedule TO is hereby amended by adding the following exhibits:

- (a)(1)(H) Supplement to Offer to Purchase, dated July 25, 2007
 - (a)(5)(H) Summary Advertisement, dated July 25, 2007
-

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

EXPEDIA, INC.

By: /s/ Burke F. Norton

Name: Burke F. Norton

Title: Executive Vice President, General
Counsel & Secretary

Dated: July 25, 2007

EXHIBIT INDEX

- (a)(1)(A) Offer to Purchase, dated June 29, 2007(14)
- (a)(1)(B) Letter of Transmittal(14)
- (a)(1)(C) Notice of Guaranteed Delivery(14)
- (a)(1)(D) Letter to brokers, dealers, commercial banks, trust companies and other nominees, dated June 29, 2007(14)
- (a)(1)(E) Letter to clients for use by brokers, dealers, commercial banks, trust companies and other nominees, dated June 29, 2007(14)
- (a)(1)(F) Letter from the Trustee of the Expedia Retirement Savings Plan to plan participants, dated June 29, 2007(14)
- (a)(1)(G) Direction Form for participants in the Expedia Retirement Savings Plan(14)
- (a)(1)(H) Supplement to Offer to Purchase, dated July 25, 2007
- (a)(2) Not applicable
- (a)(3) Not applicable
- (a)(4) Not applicable
- (a)(5)(A) Summary Advertisement, dated June 29, 2007(14)
- (a)(5)(B) Letter from Dara Khosrowshahi, Chief Executive Officer of Expedia, Inc., to stockholders of Expedia, Inc., dated June 29, 2007(14)
- (a)(5)(C) Press release, dated June 19, 2007(1)
- (a)(5)(D) Letter to Warrant and Series A Cumulative Convertible Preferred Stock Holders, dated June 29, 2007(14)
- (a)(5)(E) Email Message from Dara Khosrowshahi, Chief Executive Officer of Expedia, Inc., to employees of Expedia, Inc., dated June 29, 2007, and Employee Frequently Asked Questions Regarding the Tender Offer(15)
- (a)(5)(F) Email Message from Dara Khosrowshahi, Chief Executive Officer of Expedia, Inc., to employees of Expedia, Inc., dated July 23, 2007(16)
- (a)(5)(G) Press release, dated July 23, 2007(16)
- (a)(5)(H) Summary Advertisement, dated July 25, 2007
- (b)(1) Credit Agreement dated as of July 8, 2005, among Expedia, Inc., a Delaware corporation, Expedia, Inc., a Washington corporation, Travelscape, Inc., a Nevada corporation, Hotels.com, a Delaware corporation, and Hotwire, Inc., a Delaware corporation, as Borrowers; the Lenders party thereto; Bank of America, N.A., as Syndication Agent; Wachovia Bank, N.A. and The Royal Bank of Scotland PLC, as Co-Documentation Agents; JPMorgan Chase Bank, N.A., as Administrative Agent; and J.P. Morgan Europe Limited, as London Agent(2)
- (b)(2) First Amendment, dated as of December 7, 2006, to the Credit Agreement dated as of July 8, 2005, among Expedia, Inc., a Delaware corporation; Expedia, Inc., a Washington corporation; Travelscape LLC, a Nevada limited liability company; Hotels.com, a Delaware corporation; Hotwire, Inc., a Delaware corporation; the other Borrowing Subsidiaries from time to time party thereto; the Lenders from time to time party thereto; JPMorgan Chase Bank, N.A., as Administrative Agent; and J.P. Morgan Europe Limited, as London Agent(3)
- (b)(3) Second Amendment, dated as of December 18, 2006, to the Credit Agreement dated as of July 8, 2005, among Expedia, Inc., a Delaware corporation; Expedia, Inc., a Washington corporation; Travelscape LLC, a Nevada limited liability company; Hotels.com, a Delaware corporation; Hotwire, Inc., a Delaware corporation; the other Borrowing Subsidiaries from time to time party thereto; the Lenders from time to time party thereto; JPMorgan Chase Bank, N.A., as Administrative Agent; and J.P. Morgan Europe Limited, as London Agent(4)

- (d)(1) Expedia, Inc. Non-Employee Director Deferred Compensation Plan(5)
 - (d)(2) Expedia, Inc. 2005 Stock and Annual Incentive Plan(6)
 - (d)(3) Summary of Expedia, Inc. Non-Employee Director Compensation Arrangements(7)
 - (d)(4) Stockholders Agreement between Liberty Media Corporation and Barry Diller, dated as of August 9, 2005(8)
 - (d)(5) Governance Agreement, by and among Expedia, Inc., Liberty Media Corporation and Barry Diller, dated as of August 9, 2005(8)
 - (d)(6) First Amendment to Governance Agreement, by and among Expedia, Inc., Liberty Media Corporation and Barry Diller, dated as of June 19, 2007(1)
 - (d)(7) Separation Agreement, dated as of August 9, 2005, by and between IAC/InterActiveCorp and Expedia, Inc.(8)
 - (d)(8) Tax Sharing Agreement dated as of August 9, 2005, by and between IAC/InterActiveCorp and Expedia, Inc.(8)
 - (d)(9) Form of Expedia, Inc. Restricted Stock Unit Agreement (directors)(8)
 - (d)(10) Expedia, Inc. Executive Deferred Compensation Plan, effective as of August 9, 2005(9)
 - (d)(11) Expedia, Inc. Restricted Stock Unit Agreement between Expedia, Inc. and Dara Khosrowshahi, dated as of March 7, 2006(10)
 - (d)(12) Employment Agreement by and between Michael B. Adler and Expedia, Inc., effective as of May 16, 2006(11)
 - (d)(13) Expedia, Inc. Restricted Stock Unit Agreement between Expedia, Inc. and Michael B. Adler, effective as of May 16, 2006(11)
 - (d)(14) Employment Agreement by and between Burke F. Norton and Expedia, Inc., effective as of October 25, 2006(11)
 - (d)(15) Expedia, Inc., Restricted Stock Unit Agreement (First Agreement) between Expedia, Inc. and Burke F. Norton, dated as of October 25, 2006(11)
 - (d)(16) Expedia, Inc. Restricted Stock Unit Agreement (Second Agreement) between Expedia, Inc. and Burke F. Norton, dated as of October 25, 2006(11)
 - (d)(17) Form of Expedia, Inc. Restricted Stock Unit Agreement (domestic employees)(11)
 - (d)(18) Equity Warrant Agreement for Warrants to Purchase up to 14,590,514 Shares of Common Stock expiring February 4, 2009, between Expedia, Inc. and The Bank of New York, as Equity Warrant Agent, dated as of August 9, 2005(12)
 - (d)(19) Stockholder Equity Warrant Agreement for Warrants to Purchase up to 11,450,182 Shares of Common Stock, between Expedia, Inc. and Mellon Investor Services LLC, as Equity Warrant Agent, dated as of August 9, 2005(12)
 - (d)(20) Optionholder Equity Warrant Agreement for Warrants to Purchase up to 1,558,651 Shares of Common Stock, between Expedia, Inc. and Mellon Investor Services LLC, as Equity Warrant Agent, dated as of August 9, 2005(12)
-

- (d)(21) Indenture, dated as of August 21, 2006, among Expedia, Inc., as Issuer, the Subsidiary Guarantors from time to time parties thereto, and The Bank of New York Trust Company, N.A., as Trustee, relating to Expedia, Inc. s 7.456% Senior Notes due 2018(11)
- (d)(22) First Supplemental Indenture, dated as of January 19, 2007, to Indenture, dated as of August 21, 2006, by and among Expedia, Inc., certain Subsidiary Guarantors (as defined therein) and The Bank of New York Trust Company, N.A., as Trustee(13)
- (d)(23) Amended and Restated Expedia, Inc. Retirement Savings Plan(14)
- (d)(24) First Amendment to Expedia, Inc. Retirement Savings Plan(14)
- (d)(25) Trust Agreement between Expedia, Inc. and Fidelity Management Trust Company, dated as of August 15, 2005, relating to the Expedia Retirement Savings Plan(3)
- (g) Not applicable
- (h) Not applicable

- (1) Incorporated by reference to Expedia, Inc. s Current Report on Form 8-K filed on June 19, 2007

- (2) Incorporated by reference to Expedia, Inc. s Current Report on Form 8-K filed on July 14, 2005

- (3) Incorporated by reference to Expedia, Inc. s Tender Offer Statement on Schedule TO (File No. 005-80395) filed on December 11, 2006

- (4) Incorporated by reference to Expedia, Inc. s Amendment No. 3 to Tender Offer Statement on Schedule TO

(File
No. 005-80395)
filed on
December 22,
2006

(5) Incorporated by
reference to
Expedia, Inc. s
Registration
Statement on
Form S-4/A
(File No.
333-124303-01)
filed on June 13,
2005

(6) Incorporated by
reference to
Expedia, Inc. s
Registration
Statement on
Form S-8 (File
No.
333-127324)
filed on
August 9, 2005

(7) Incorporated by
reference to
Expedia, Inc. s
Quarterly Report
on Form 10-Q
for the quarter
ended March 31,
2007

(8) Incorporated by
reference to
Expedia, Inc. s
Quarterly Report
on Form 10-Q
for the quarter
ended
September 30,
2005

(9) Incorporated by
reference to
Expedia, Inc. s
Current Report

on Form 8-K
filed on
December 20,
2005

(10) Incorporated by
reference to
Expedia, Inc. s
Annual Report
on Form 10-K
for the fiscal
year ended
December 31,
2005

(11) Incorporated by
reference to
Expedia, Inc. s
Quarterly Report
on Form 10-Q
for the quarter
ended
September 30,
2006

(12) Incorporated by
reference to
Expedia, Inc. s
Registration
Statement on
Form 8-A/A
filed on
August 22, 2005

(13) Incorporated by
reference to
Expedia, Inc. s
Registration
Statement on
Form S-4 (File
No.
333-140195)
filed on
January 25,
2007

(14) Previously filed
with Expedia,
Inc. s Tender
Offer Statement
on Schedule TO

filed on June 29,
2007

(15) Previously filed
with
Amendment
No. 1 to
Expedia, Inc. s
Tender Offer
Statement on
Schedule TO on
June 29, 2007

(16) Previously filed
with
Amendment
No. 2 to
Expedia, Inc. s
Tender Offer
Statement on
Schedule TO on
July 23, 2007