

January 10, 2007



Mr. Robert H. Herz
Chairman, Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116



Dear Chairman Herz:

LETTER OF COMMENT NO. 326

On behalf of Expedia, Inc, I strongly urge the Financial Accounting Standards Board to delay the effective date of FIN 48 on *Accounting for Uncertainty in Income Taxes* to allow sufficient time to address the substantive, procedural, and documentation challenges posed by the new interpretation. Specifically, I recommend that the effective date of FIN 48 be deferred to fiscal years beginning after December 15, 2007.

FIN 48 alters the financial statement treatment of accounting for uncertainty regarding income tax positions by shifting the focus from the contingent liability approach of FAS 5 to an analysis of whether each and every tax position is supported at a more likely than not level of confidence. As a result, financial statement issuers must analyze their entire inventory of tax positions – claimed and unclaimed – in every jurisdiction, for every taxing authority, and for every open tax year in order to understand and document the company's position at the effective date.

When the scope of new guidance is as broad and far reaching as FIN 48, and the potential consequences of inadvertent non-compliance so significant, special care must be taken to accord affected parties sufficient time to analyze the new rules, to obtain advice about open questions, and to develop, adapt, and test systems and processes to ensure compliance. Regrettably, the five-month period between the July 13 and December 15 effective date has not been adequate. Expedia submits that the orderly implementation of FIN 48 requires that its effective date be postponed and that the new interpretation be effective no earlier than for fiscal years beginning after December 15, 2007.

While Expedia supports the FASB's objective of bringing greater clarity to the accounting for uncertain income tax positions, we feel that the FASB has misapprehended and minimized the challenges that FIN 48 presents to issuers. By moving away from "as filed" standard of FAS 5, FIN 48 has impelled issuers to revisit nearly every tax position in every open tax year. That burden is tantamount to, and as challenging as, re-filing an income tax return every jurisdiction for every open tax year. More specifically, for an enterprise with approximately 80 legally entities, operating in 50 states and over 60 countries, the task is monumental. Simply put, there has not been sufficient time between the release of FIN 48 and its stated effective date for companies to complete the necessary analysis and documentation.

January 10, 2007
Mr. Robert H. Herz
Page 2



Issuers have consistently evaluated various positions taken on tax returns and reached conclusions regarding the propriety of those positions. Issuers are now faced, however, with the daunting task of evaluating whether each position meets the "more likely than not" standard and creating documentation for these conclusions that will be sufficient to satisfy external auditors. In addition, issuers must evaluate a range of potential outcomes to determine the appropriate measurement for each position, which also must be documented. The effort involved with this is enormous, especially for an enterprise comprised of multiple entities operating a global business.

Expedia submits that without sufficient time to digest the new interpretation, required disclosures may be incomplete (or excessive), inaccurate, and inconsistent and therefore impede rather than advance the objective of providing investors, regulators, and the capital markets appropriate financial statement information about their tax positions.

The range of open and unanswered questions presents significant risk that there will be an even greater divergence in interpretation and approach which will result in an even greater diversity in practice than existed previously. Extending the deadline for implementing FIN 48 will greatly reduce these risks. Accordingly, Expedia recommends that the effective date of FIN 48 be deferred for one year.

In summary, extending the deadline for implementing FIN 48 will permit Expedia and our independent auditor's time to resolve unanswered questions and thus reduce the likelihood of diversity in practice, which in part prompted the development of FIN 48 in the first instance.

Respectfully,


Michael B. Adler
Chief Financial Officer
Expedia, Inc.