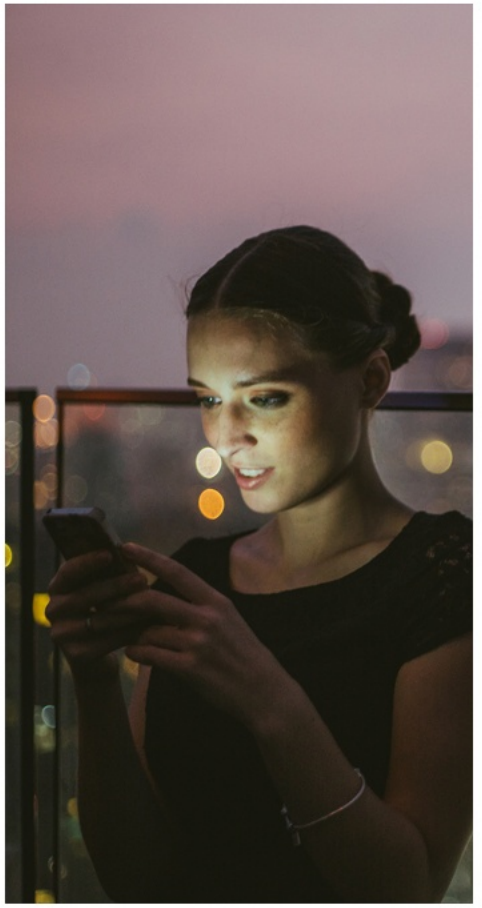






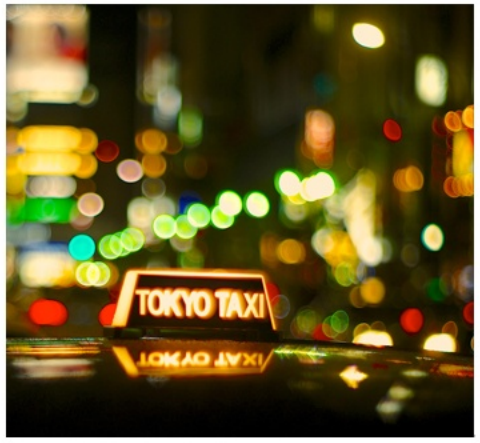


expedia inc.

Investor presentation

February 9, 2017









Safe harbor

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Non-GAAP measures. Reconciliations to GAAP measures of non-GAAP measures included in this presentation are included in the Appendix. These measures are intended to supplement, not substitute for, GAAP comparable measures. Investors are urged to consider carefully the comparable GAAP measures and reconciliations.

Industry / market data. Industry and market data used in this presentation have been obtained from industry publications and sources as well as from research reports prepared for other purposes. We have not independently verified the data obtained from these sources and cannot assure you of the data's accuracy or completeness.

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Expedia, Inc. at a glance

Largest travel company
$72B
gross bookings[1]

$8.8B revenue growing
>2X faster vs. industry

600M+ monthly site visits[2]

75+ countries served

1.5M+ lodging options for travelers[3]

20K+ employees globally

Notes: Expedia, Inc. results shown for 2016. [1]Gross bookings is an operating and statistical metric that captures the total dollar value, generally inclusive of taxes and fees, of travel services booked by our customers; gross bookings excludes HomeAway. [2]Monthly visits based on data for Brand Expedia (including Travelocity and Wotif), Hotels.com, Orbitz, HomeAway, trivago and Hotwire combined during 2016. [3]Consists of 350K Expedia properties plus 1.2M online bookable HomeAway listings.
Sources: Overall travel industry growth rate based on Phocuswright data for 2016 Y/Y.

Key investment highlights

1. Huge addressable market
2. Operating the world's largest, diversified travel platform
3. Harnessing significant scale and technological advantages
4. Leading brands with proprietary channels
5. Strong financial performance on solid trajectory
6. Track record of successful M&A and smart capital allocation

Huge opportunity in $1.3T global market

Global leader with significant headroom for further growth



United States and Canada



EMEA



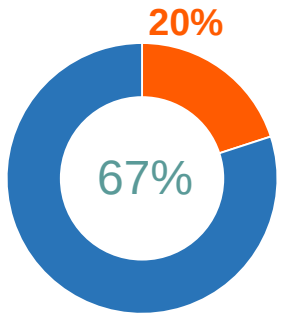
Asia Pacific

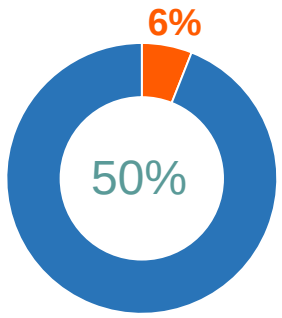


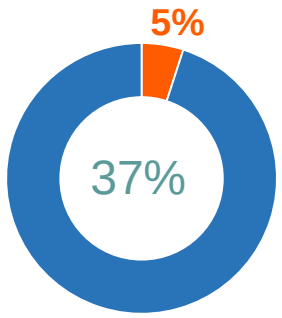
Latin America

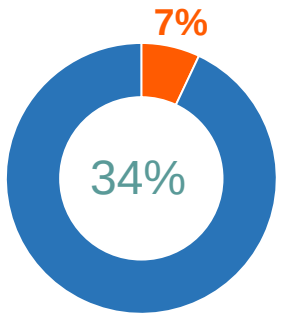
Online travel segment

50% of total travel market



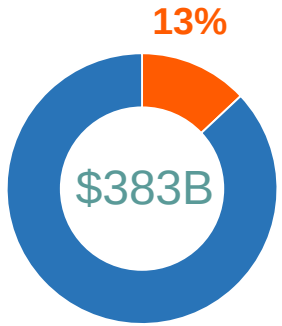


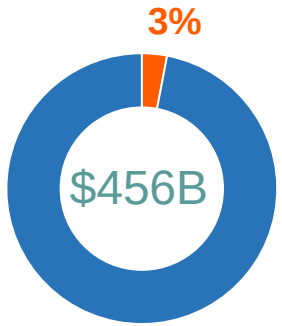


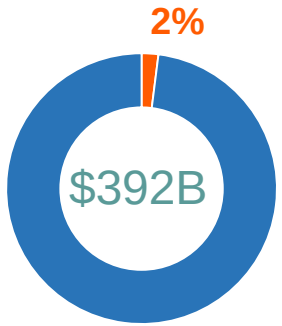


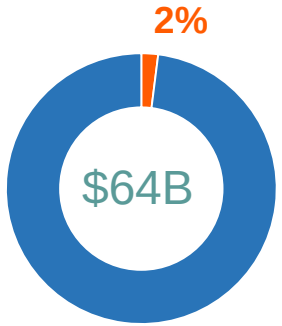
2017 total travel market

Total travel market ~$1.3T









Expedia, Inc. Other

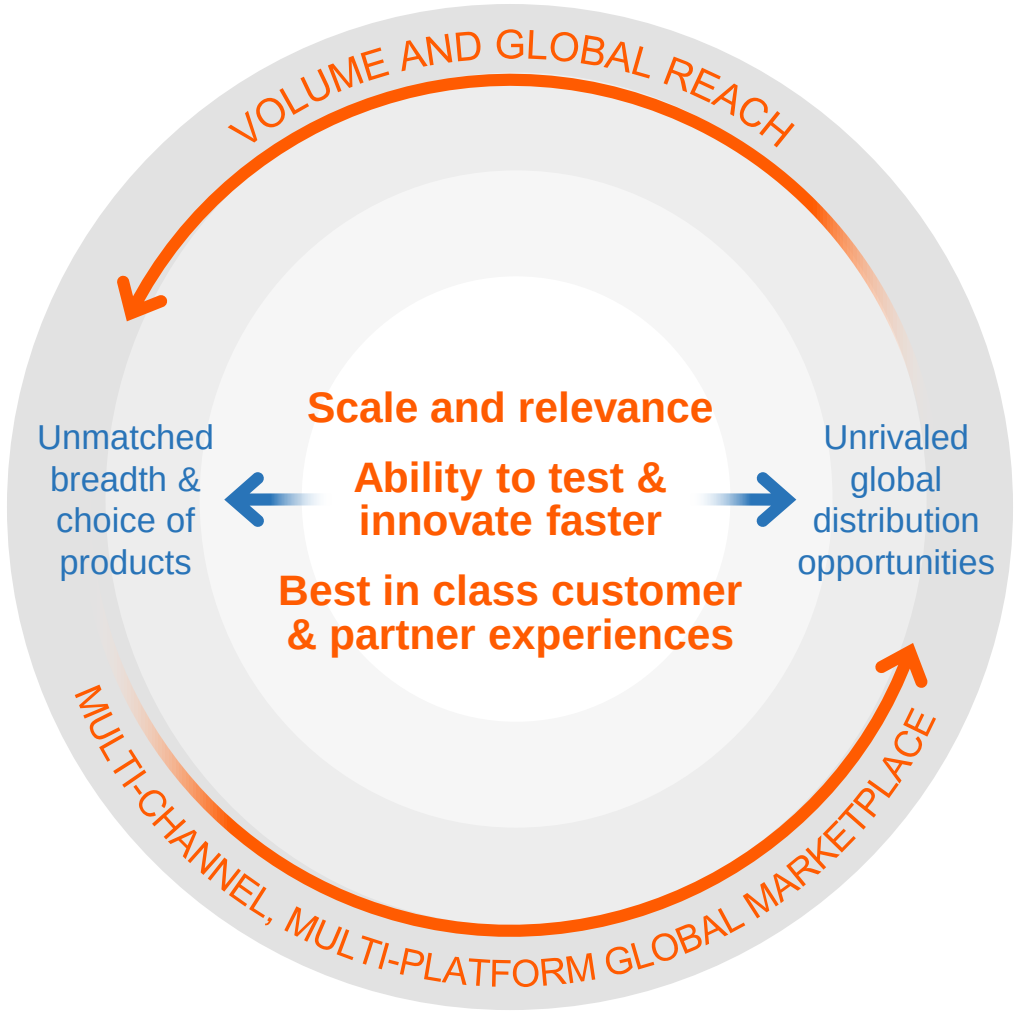
Notes: Expedia's share of travel market defined as gross bookings during 2016. Travel market size estimates based on Phocuswright data for 2017.
Sources: Phocuswright estimates and Expedia data.

World's largest, diversified travel platform

High volume & diversity of DEMAND

- Monthly visits[1] **600M+ in 75+ countries**
- Active corporate travelers **1.6M+**
- Powering **150K+** offline travel agents[2]
- Calls handled annually **55M**

The Expedia, Inc. global travel platform



Broad and diversified SUPPLY

- Properties **350K+**
- Online bookable vacation rentals **1.2M+**
- Airlines **500+**
- Car rental companies **150+**
- Unique activities **25K+**

Notes: Expedia, Inc. data shown as of 12/31/16. [1]Monthly visitors based on data for Brand Expedia (including Travelocity and Wotif), Hotels.com, Orbitz, HomeAway, trivago and Hotwire combined during 2016. [2]Offline travel agents based on number of sales agents in Global Customer Operations, Expedia Affiliate Network (EAN), HomeAway, Classic Vacations, CruiseShipCenters, Travel Agent Affiliate Program (TAAP).

Scale advantages in demand generation

Optimization

Maximize $\mathbf{GP}_t$

$$\text{Subject to } \frac{\mathbf{Spend}_t}{\mathbf{GP}_t} \leq \text{Target Efficiency}_t$$

$$\mathbf{GP}_t = \sum_{i=1}^{N} \text{clicks}_{it} \times \mathbf{CVR}_{it} \times \left(\frac{\mathbf{GP}}{\text{TXN}}\right)_{it}$$

$$\mathbf{Spend}_t = \sum_{i=1}^{N} \text{clicks}_{it} \times \text{CPC}_{it}$$

$$\mathbf{MC}_t = \mathbf{GP}_t - \mathbf{Spend}_t$$

$$\mathbf{CVR}_{it} = \mathcal{P}(\text{Txn}_{it} | \text{Click}_{it})$$

$$\mathbf{Total\ clicks}_t = \sum_{i=1}^{N} \text{clicks}_{it}, \text{where clicks}_{it} \sim fn(\text{rank}_{it}) \sim fn(\text{CPC}_{it}), i \in [1, \text{N}] \text{for total N hotels}$$

Efficiency frontier



Hundreds of billions of predictive calculations performed annually to inform marketing decisions driving direct selling & marketing spend of ~$3.5B[1]

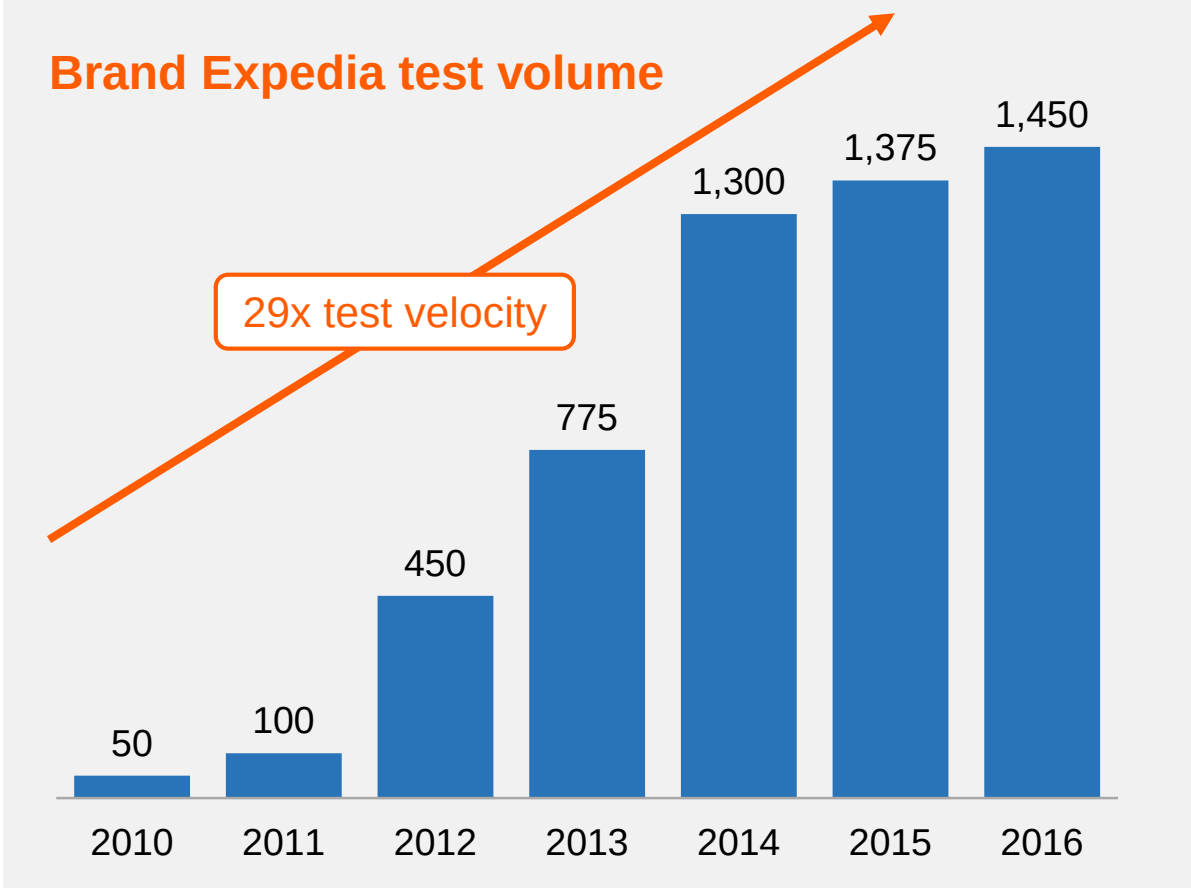
Notes: [1]Direct selling & marketing spend for 2016 is a non-GAAP measure. See Appendix for non-GAAP to GAAP reconciliation.

Scale advantages in innovation

~5.5K of best and brightest product & technology minds in travel[1]

~1/3 of ideas make sites better
~1/3 do nothing
~1/3 make it worse

Multi-variant tests reaching statistical significance faster than competitors



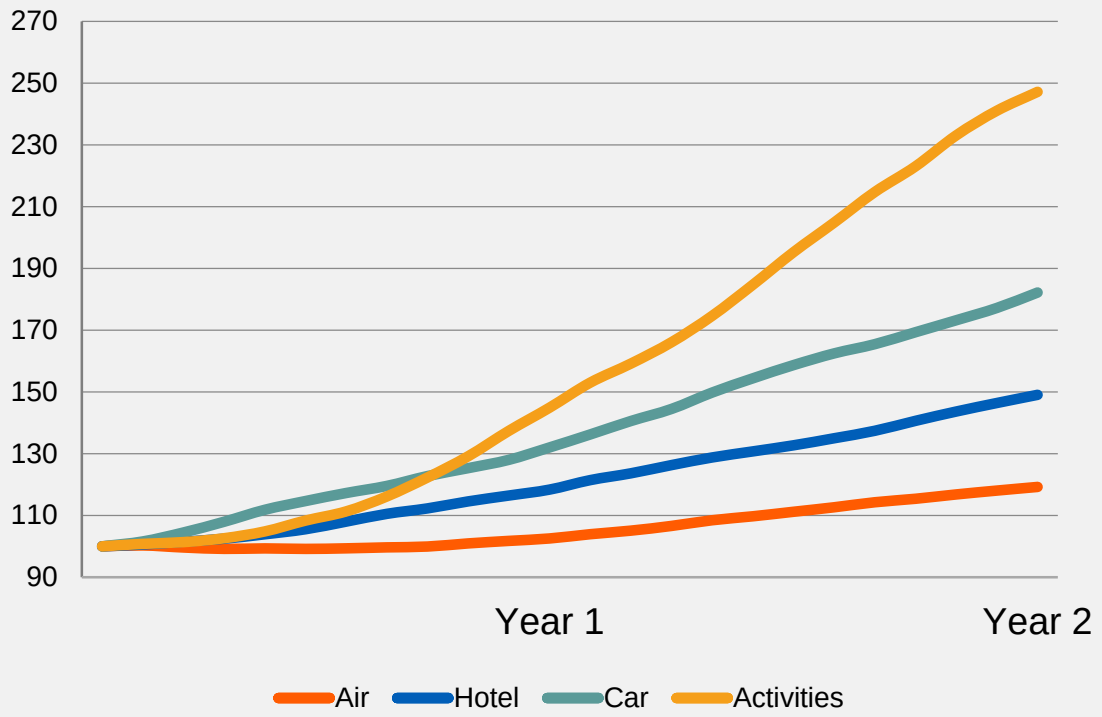
Adjusted technology & content spend $810M[2]

Notes: [1]Employees in technology roles as of 12/31/16. [2]Adjusted technology & content spend for 2016 is a non-GAAP measure and excludes depreciation and stock-based compensation. See Appendix for non-GAAP to GAAP reconciliation.

Building scale advantage across spectrum of travel products

Product	Market opportunity	2016 growth[2]	Expedia platform
Air	$620B	+32%	☑
Hotel	$385B	+21%	☑
Car	$45B	+30%	☑
Activities[1]	$85B	+35%	☑
Cruise	$20B	+7%	☑
Rail	$130B	N/A	☑

Indexed unit volume on replatforming[3]



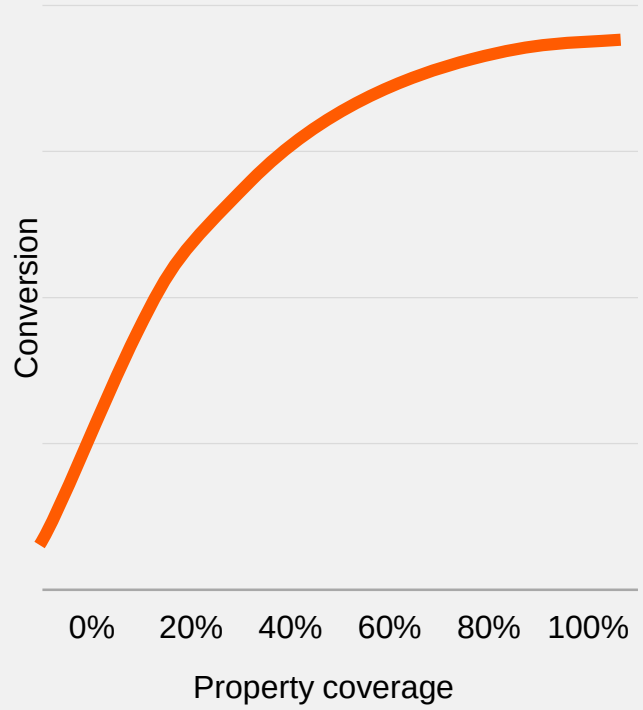
True multiproduct platform

Notes: [1]Activities includes packages and tours. [2]Y/Y growth rates shown for 2016 Expedia, Inc., excluding eLong, for air tickets sold, hotel room nights stayed, rental car days, activity transactions, cruise gross bookings. [3]Brand Expedia including BEX Asia pro-forma.
Sources: Product markets based on 2017 Phocuswright data.

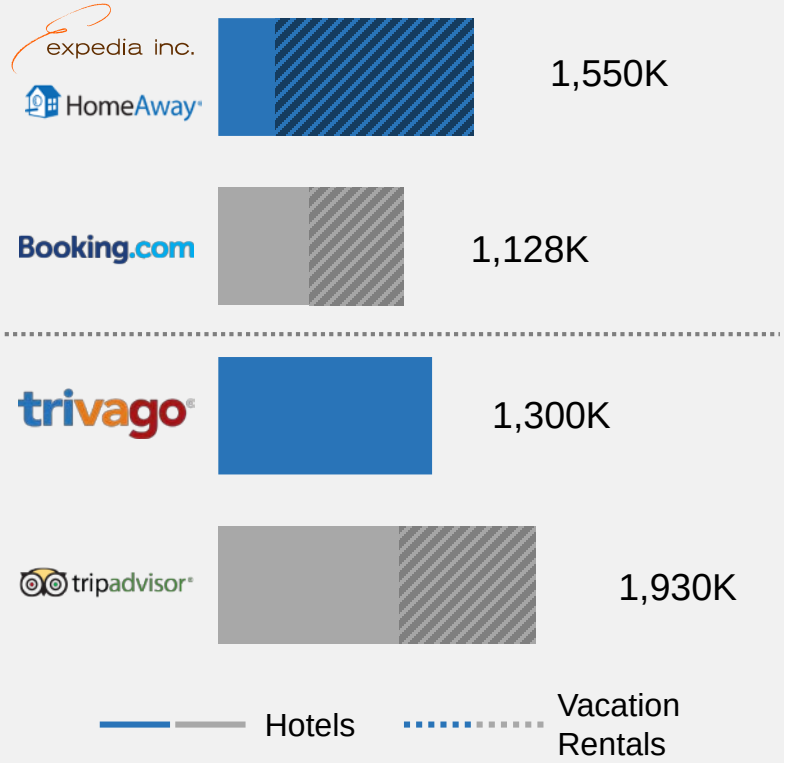
Scale advantages in supply

More selection equals greater conversion

Illustrative

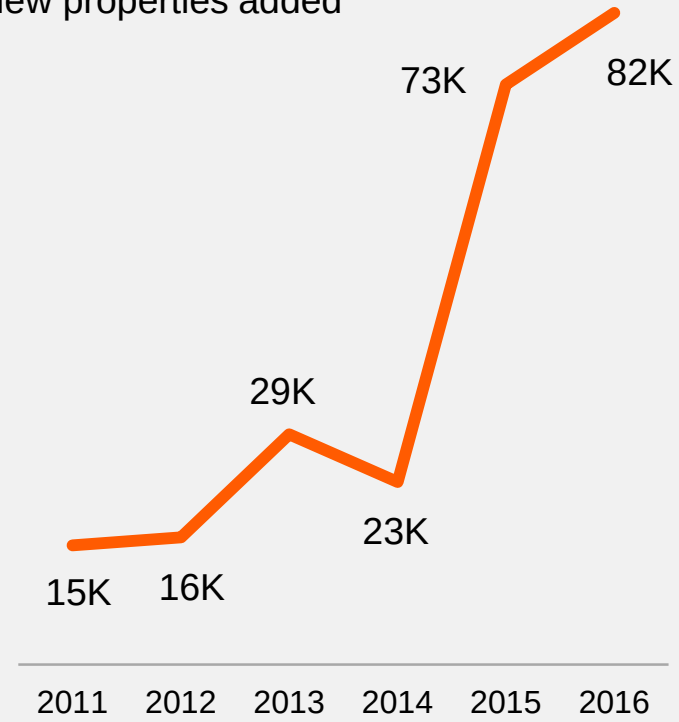


Industry leading lodging portfolio



Accelerating pace of supply acquisition[1]

New properties added



3K+ Lodging Partner Services team members[2]

Notes: [1]Supply growth shown excluding eLong for all years presented; 2015 excludes 20K 3rd party properties removed, resulting in net increase of 53K. [2]Lodging Partner Services headcount as of 12/31/16.

Sources: Property counts shown per TripAdvisor and Booking.com websites as of 1/24/17. TripAdvisor property count includes hotels, B&Bs, specialty lodging and vacation rentals.

Unmatched portfolio of leading travel brands with global reach

expedia inc.

Core OTA

Expedia

Only global full-service Online Travel Agency, in 33 countries

Multi-product
~$50B gross bookings

ORBITZ
CheapTickets
travelocity
wotif group
Expedia Local Expert
hotwire

Hotels.com

A leading hotel specialist globally, in 65+ countries

Lodging
~$17B gross bookings

Expedia Affiliate Network

EGENCIA
BUSINESS TRAVEL • EXPEDIA, INC.

A leader in global corporate travel, in 65 countries

Corporate travel
~$6B gross bookings

HomeAway

Global vacation rental marketplace, in 35+ countries

Vacation rentals
~$690M revenue

VRBO
Abritel
stayz
OwnersDirect
Homelidays
BedandBreakfast.com

trivago

A leading hotel metasearch company, in 55 countries

Metasearch
~$835M revenue[1]

Expedia, Inc. supply & ecommerce platform

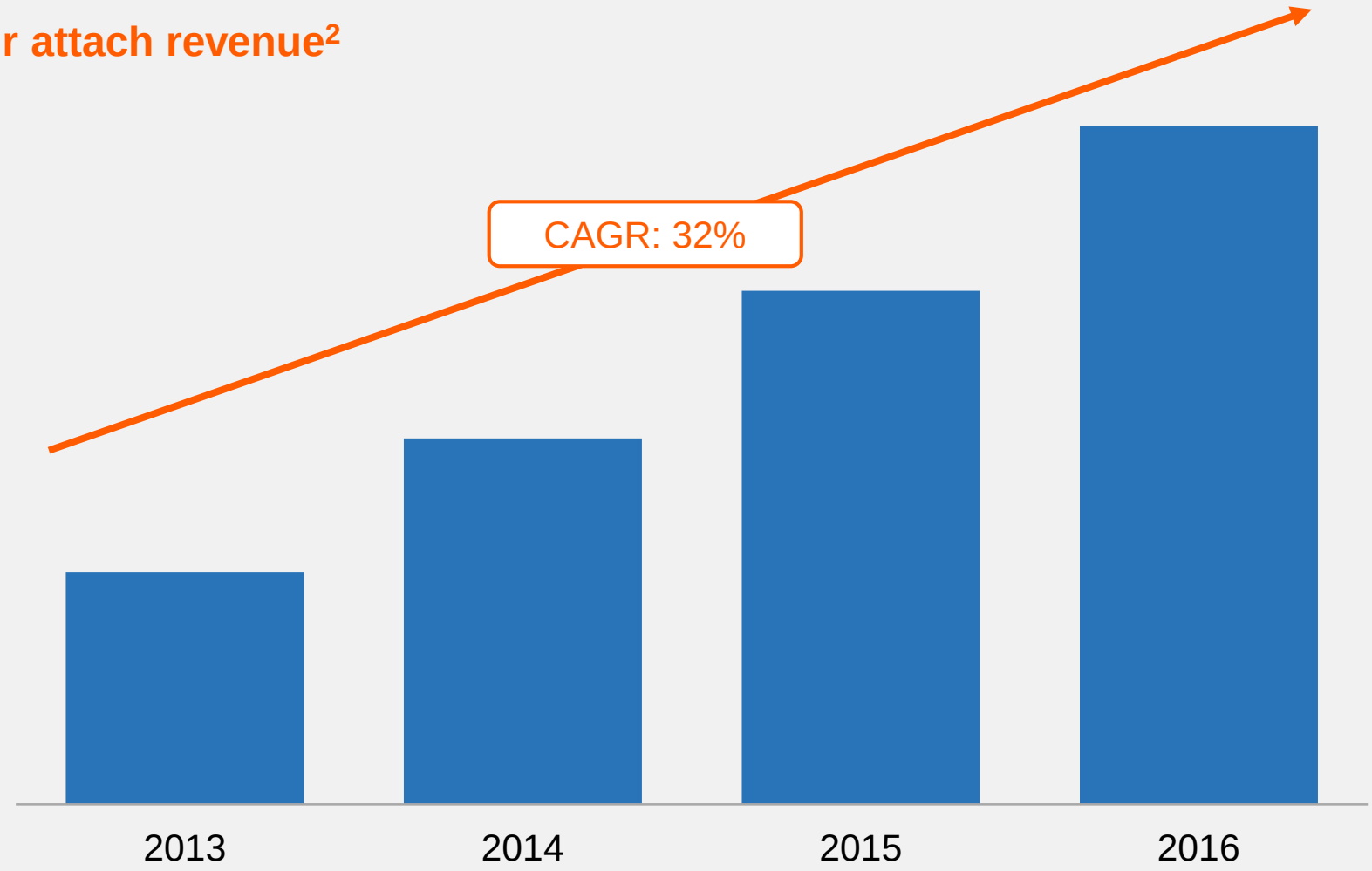
Notes: All stats shown as of 2016. [1]trivago revenue includes intercompany.

Air shoppers drive growth opportunities across product categories

75M+
monthly air shoppers[1]

15B+
annual air searches[1]

Air attach revenue[2]



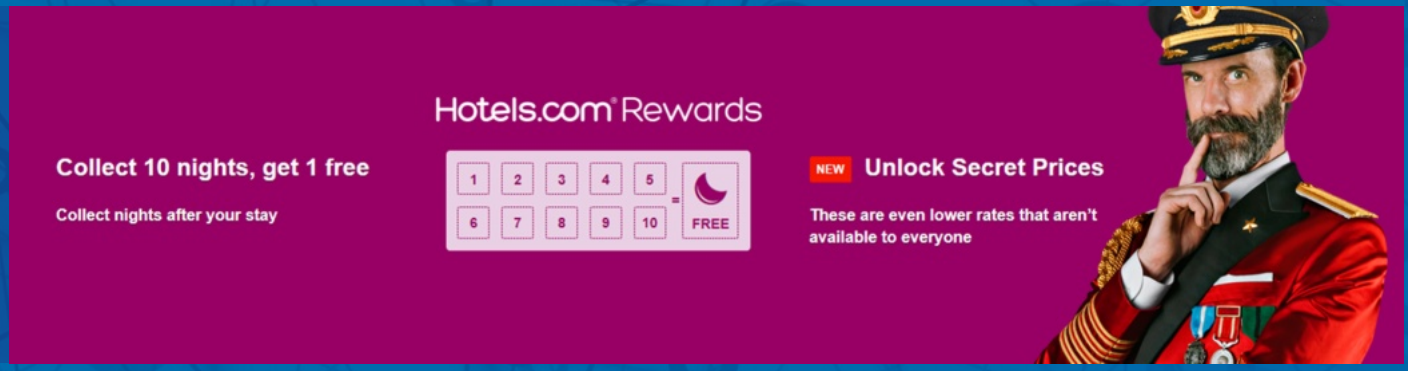
Notes: [1]Monthly air shoppers and annual air searches shown for 2016. [2]Air attach revenue shown for Brand Expedia, including AirAsia joint venture.

Expedia loyalty programs drive repeat & create competitive differentiation

expedia inc.

Hotels.com® Rewards

- 27M+ members
- Available in 65+ countries



Expedia+

- 21M+ members
- Available in 32 countries



Expedia+

Benefits to reward you	+gold	+silver	+blue
Earn 2 points per $1 spent on hotels, packages with a hotel, cars, activities, and cruises.	✓	✓	✓
Double-up on flights by earning 1 point per $5 spent and airline frequent flyer miles	✓	✓	✓
Earn 1 point per $1 spent on flight + car packages	✓	✓	✓
No blackout dates when you redeem for Expedia travel	✓	✓	✓

ORBITZ REWARDS

- 7M+ members
- Members booked 90%+ more hotels than non-members



Notes: All metrics provided are as of 12/31/16.

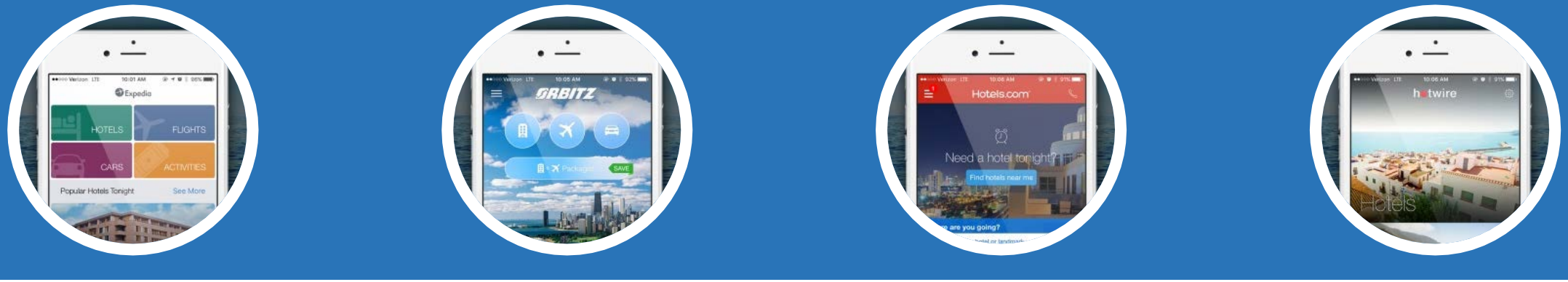
Investments in mobile drive growth & engagement

180M+
cumulative app downloads[1]

App users repeat
>2x
more frequently than average user[2]

Over
45% of traffic
arrives via mobile[3]

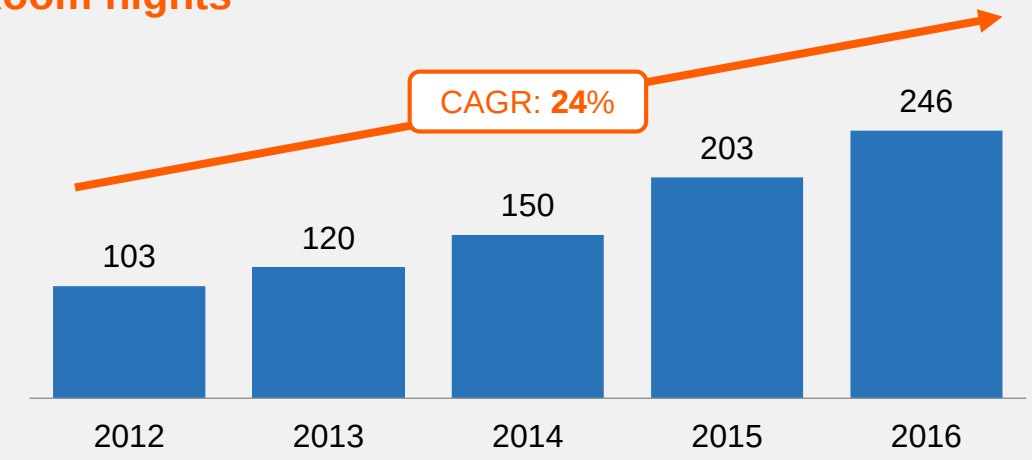
Nearly
1 in 3
transactions booked via mobile[4]



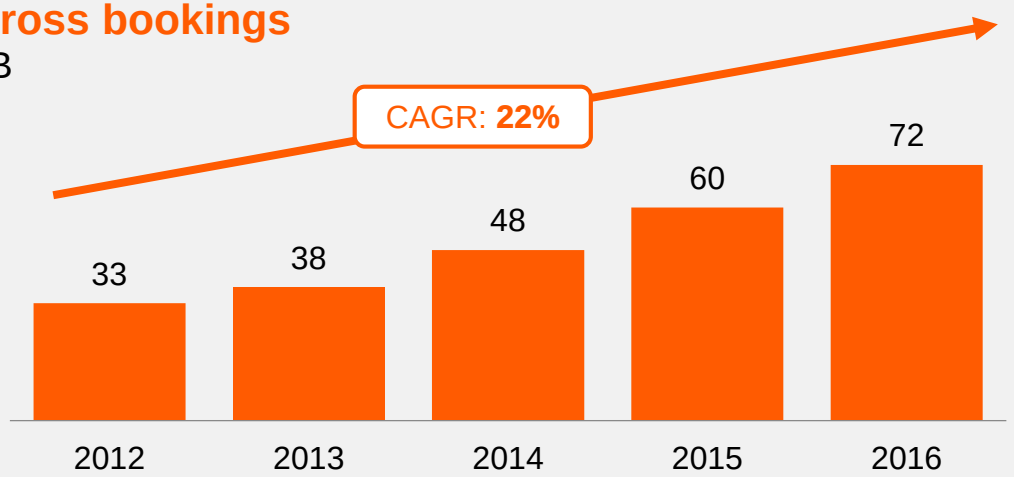
Notes: [1]Cumulative app downloads as of 12/31/16 for all Expedia, Inc. brands. [2]Brand Expedia average over 2016. [3]Mobile traffic stat based on Brand Expedia, Hotels.com, Orbitz, Wotif, and HomeAway mobile traffic in Q4 2016. [4]Based on Expedia, Inc. transactions in 2016.

Consistent financial execution

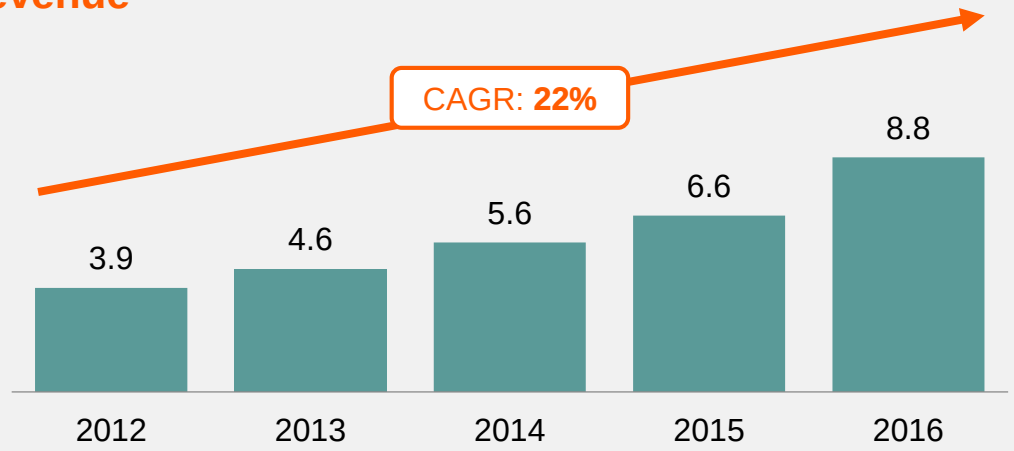
Room nights
M



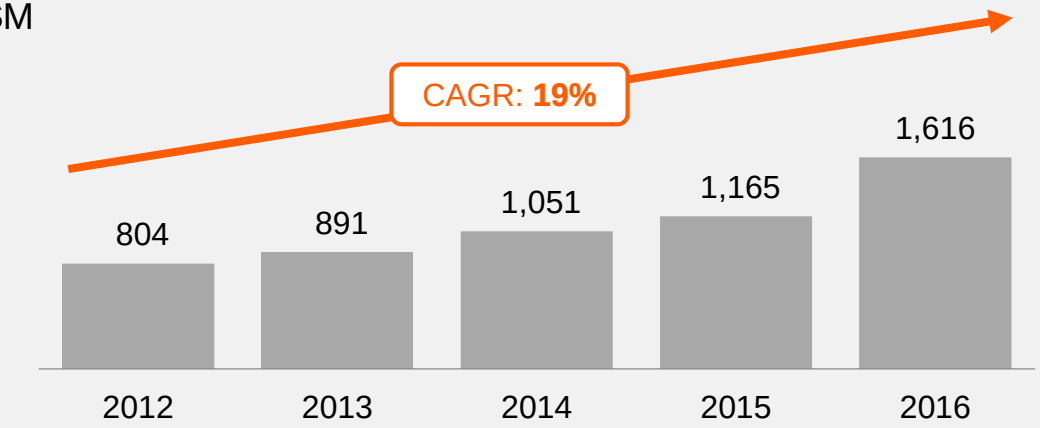
Gross bookings
$B



Revenue[1]
$B

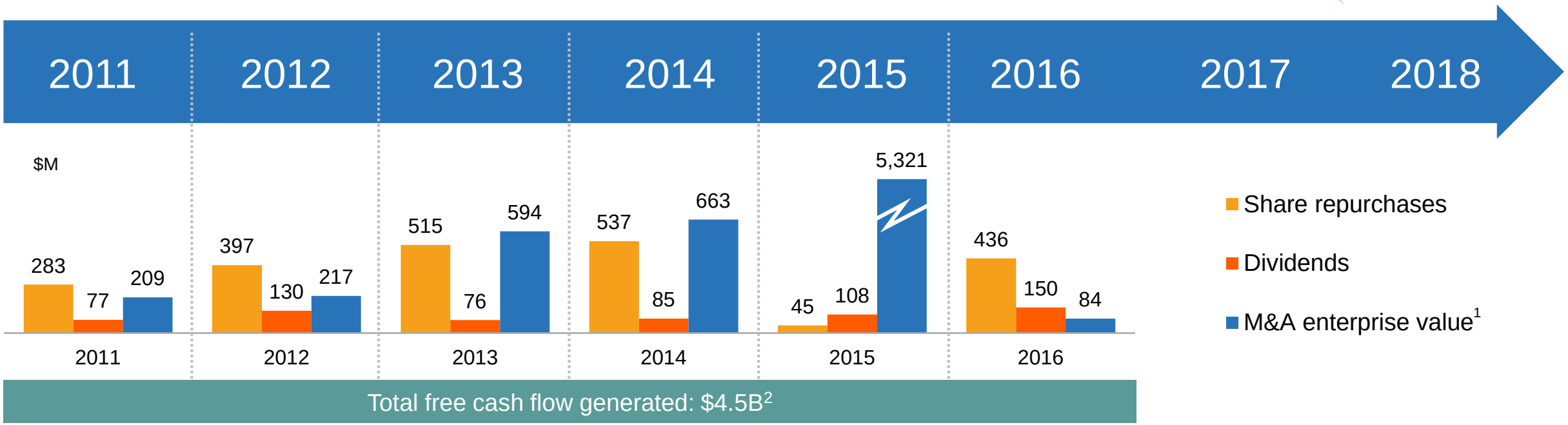


Adjusted EBITDA[1]
$M



Notes: All figures shown excluding eLong. [1]Non-GAAP measure. See Appendix for non-GAAP to GAAP reconciliation.

Solid track record of capital allocation



2011

TripAdvisor spin

(~$500M invested, $7.6B value today[3])

2011 – 2013

- Improving financial performance fueled by organic investment in tech
- Working capital for agency hotel build out
- $1.2B share repurchases
- Opportunistic M&A

2014 – 2016

- Solid financial performance
- Strategic investments in hotel margins & supply footprint
- Significant strategic M&A
- Orbitz synergies realization
- $1.0B share repurchases
- trivago IPO (Expedia's ownership interest ~$1.6B value today[4])

2017 – 2018 expectations

- Continued solid financial performance
- HomeAway transition upside
- trivago upside
- Balanced capital allocation:
  - Opportunistic M&A
  - Share repurchases
  - Dividends

Notes: [1]Does not include $671M divestiture of eLong. [2]Free cash flow is a non-GAAP measure and includes eLong. See Appendix for non-GAAP to GAAP reconciliation. [3]Value as of 1/24/17. [4]Value as of 2/2/17 based on 59.7% ownership interest at 12/31/16.



Appendix

Non-GAAP definitions

Expedia, Inc. (excluding eLong). Expedia sold its ownership interest in eLong, Inc. on May 22, 2015. In order to allow comparison with prior periods for the ongoing Expedia businesses, Expedia, Inc. (excluding eLong) gross bookings, revenue, Adjusted EBITDA, operating income (loss), adjusted net income (loss), and net income (loss) attributable to the Company, each exclude the impact of eLong. Other figures in the deck exclude eLong, other than where noted.

Adjusted EBITDA is defined as operating income plus: (1) stock-based compensation expense, including compensation expense related to certain subsidiary equity plans; (2) acquisition-related impacts, including (i) amortization of intangible assets and goodwill and intangible asset impairment, (ii) gains (losses) recognized on changes in the value of contingent consideration arrangements; and (iii) upfront consideration paid to settle employee compensation plans of the acquiree; (3) certain infrequently occurring items, including restructuring; (4) items included in Legal reserves, occupancy tax and other, which includes reserves for potential settlement of issues related to transactional taxes (e.g. hotel and excise taxes), related to court decisions and final settlements, and charges incurred, if any, for monies that may be required to be paid in advance of litigation in certain transactional tax proceedings; (5) gains (losses) realized on revenue hedging activities that are included in other, net; and (6) depreciation.

The above items are excluded from our Adjusted EBITDA measure because these items are noncash in nature, or because the amount and timing of these items is unpredictable, not driven by core operating results and renders comparisons with prior periods and competitors less meaningful. We believe Adjusted EBITDA is a useful measure for analysts and investors to evaluate our future on-going performance as this measure allows a more meaningful comparison of our performance and projected cash earnings with our historical results from prior periods and to the results of our competitors. Moreover, our management uses this measure internally to evaluate the performance of our business as a whole and our individual business segments. In addition, we believe that by excluding certain items, such as stock-based compensation and acquisition-related impacts, Adjusted EBITDA corresponds more closely to the cash operating income generated from our business and allows investors to gain an understanding of the factors and trends affecting the ongoing cash earnings capabilities of our business, from which capital investments are made and debt is serviced.

Free Cash Flow is defined as net cash flow provided by operating activities less capital expenditures. Management believes Free Cash Flow is useful to investors because it represents the operating cash flow that our operating businesses generate, less capital expenditures but before taking into account other cash movements that are not directly tied to the core operations of our businesses, such as financing activities, foreign exchange or certain investing activities. Free Cash Flow has certain limitations in that it does not represent the total increase or decrease in the cash balance for the period, nor does it represent the residual cash flow for discretionary expenditures. Therefore, it is important to evaluate Free Cash Flow along with the consolidated statements of cash flows.

Adjusted Expenses (direct selling and marketing, technology and content) exclude stock-based compensation related to expenses for stock options, restricted stock units and other equity compensation under applicable stock-based compensation accounting standards as well as depreciation expense.

Non-GAAP / GAAP reconciliation:
Revenue

$ Millions	2012	2013	2014	2015	2016
Core OTA revenue	$3,621	$4,069	$4,905	$5,877	$7,084
trivago revenue	-	216	414	548	836
Egencia revenue	291	365	400	400	462
HomeAway revenue	-	-	-	20	689
Intercompany eliminations	-	(43)	(133)	(215)	(297)
Revenue excluding eLong	**$3,912**	**$4,607**	**$5,585**	**$6,631**	**$8,774**
eLong revenue	118	164	178	42	-
Revenue attributable to Expedia, Inc.	**$4,030**	**$4,771**	**$5,763**	**$6,672**	**$8,774**

Notes: Numbers may not sum due to rounding.

Non-GAAP / GAAP reconciliation:

Adjusted EBITDA

$ Millions	2012	2013	2014	2015	2016
Core OTA adjusted EBITDA	$1,068	$1,172	$1,387	$1,600	$1,966
trivago adjusted EBITDA	-	18	4	3	35
Egencia adjusted EBITDA	54	60	61	68	81
HomeAway adjusted EBITDA	-	-	-	4	175
Unallocated overhead costs	(318)	(359)	(401)	(510)	(641)
Adjusted EBITDA excluding eLong	**$804**	**$891**	**$1,051**	**$1,165**	**$1,616**
Adjusted EBITDA excluding eLong as a percentage of revenue	20.6%	19.3%	18.8%	17.6%	18.4%
eLong adjusted EBITDA	(1)	(12)	(27)	(62)	-
Adjusted EBITDA	**$803**	**$879**	**$1,025**	**$1,103**	**$1,616**
Depreciation	(164)	(212)	(266)	(337)	(477)
Amortization of intangible assets	(32)	(72)	(80)	(164)	(352)
Legal reserves, occupancy tax and other	(117)	(78)	(42)	105	(26)
Stock-based compensation	(65)	(130)	(85)	(178)	(242)
Acquisition-related and other	-	(10)	-	-	-
Restructuring charges	-	-	(26)	(72)	(43)
Realized loss (gain) on revenue hedges	6	(11)	(9)	(44)	(13)
Operating income (loss)	**$432**	**$366**	**$518**	**$414**	**$462**
Gain on sale of business	-	-	-	509	-
Total other expense, net	(82)	(65)	(53)	4	(185)
Income (loss) from continuing operations before income taxes	**350**	**301**	**465**	**926**	**277**
Provision for income taxes	(47)	(84)	(92)	(203)	(15)
Income (loss) from continuing operations	**303**	**216**	**373**	**723**	**261**
Discontinued operations, net of taxes	(23)	-	-	-	-
Net income (loss)	**280**	**216**	**373**	**723**	**261**
Net (income) loss attributable to noncontrolling interests	-	16	25	42	21
Net income (loss) attributable to Expedia, Inc.	**$280**	**$233**	**$398**	**$764**	**$282**

Notes: Numbers may not sum due to rounding.

Non-GAAP / GAAP reconciliation:
Free cash flow

$ Millions	2011	2012	2013	2014	2015	2016	TOTAL
Cash provided by operations	**$826**	**$1,237**	**$763**	**$1,367**	**$1,368**	**$1,564**	**$7,125**
Capital expenditures	(208)	(236)	(309)	(328)	(787)	(749)	(2,617)
Free cash flow	**$618**	**$1,001**	**$455**	**$1,039**	**$581**	**$815**	**$4,509**

Notes: Numbers may not sum due to rounding and include eLong.

Non-GAAP / GAAP reconciliation:
Direct selling & marketing expense

$ Millions	2016
Direct selling & marketing expense	$3,530
Indirect selling & marketing expense	762
Total adjusted selling & marketing expense	**$4,292**
Stock-based compensation	47
Depreciation	29
Selling & marketing expense attributable to Expedia, Inc.	**$4,367**

Notes: Numbers may not sum due to rounding.

Non-GAAP / GAAP reconciliation:
Adjusted technology & content expense

$ Millions	2016
Total adjusted technology & content expense	$810
Stock-based compensation	64
Depreciation	361
Technology & content expense attributable to Expedia, Inc.	**$1,235**

Notes: Numbers may not sum due to rounding.