

A complete travel commerce experience

expedia® inc.

Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about the future financial and operational performance of the Company. These statements are not guarantees of future performance. These forward-looking statements are based on management’s expectations as of December 6, 2010, and assumptions which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. The use of words such as “forecast,” “opportunity,” “intends,” “anticipates,” and “expects,” among others, generally identifies forward-looking statements. However, these words are not the exclusive means of identifying such statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements and may include statements relating to future revenues, expenses, margins, profitability, net income, earnings per share and other measures of results of operations and the prospects for future growth of Expedia, Inc.’s business.

Actual results and the timing and outcome of events may differ materially from those expressed or implied in the forward-looking statements for a variety of reasons, including, among others: continued or prolonged adverse economic conditions leading to decreased consumer and business spending; changes in our relationships and contractual agreements with travel suppliers or global distribution system partners; adverse changes in senior management; the rate of growth of online travel; our inability to recognize the benefits of our investment in technologies; changes in the competitive environment, the e-commerce industry and broadband access and our ability to respond to such changes; declines or disruptions in the travel industry (including those caused by adverse weather, bankruptcies, health risks, war and/or terrorism); the rate of online migration in the various geographies and markets in which Expedia, Inc. operates, including Eastern Europe and Asia, fluctuations in foreign exchange rates, risks related to our long term indebtedness, including the ability to access funds as and when needed; changing laws, rules and regulations and legal uncertainties relating to our business; Expedia, Inc.’s ability to expand successfully in international markets; possible charges resulting from, among other events, platform migration; failure to realize cost efficiencies; the successful completion of any future corporate transactions or acquisitions; the integration of current and acquired businesses; and other risks detailed in Expedia’s, Inc.’s public filings with the SEC, including Expedia, Inc.’s annual report on Form 10-K for the year ended December 31, 2009 and subsequent Forms 10-Q.

Except as required by law, Expedia, Inc. undertakes no obligation to update any forward-looking or other statements in this presentation, whether as a result of new information, future events or otherwise.

Reconciliations of non-GAAP measures included in this presentation to the most comparable GAAP measures are included in Appendix A.

Trademarks and logos are the property of their respective owners. © Expedia, Inc. All rights reserved. CST: #2029030-50

Expedia, Inc. is building the world's largest and most intelligent travel marketplace.

We generate revenue by addressing the entire travel commerce experience, enabling travelers to research, plan and book their trip, offering service while they travel, and providing the online forums to review hotels, discuss destinations and share experiences.

The world’s largest travel marketplace

Number of unique visitors to Expedia, Inc. sites worldwide each month

73+ million

Source: comScore Sept. 2010, unduplicated

The world’s largest travel marketplace

Serving travelers in over

60

countries

The world’s largest travel marketplace

160+

booking and travel media sites

The world’s largest travel marketplace

Offering hotels in over

200

countries

Addressing the entire travel commerce experience

Research & Planning

- Where to go
- Pricing and deals
- Where to stay
- Best airplane seat
- Things to do

Addressing the entire travel commerce experience

Research & Planning

Booking

- Air
- Hotel
- Vacation packages
- Cruise
- Rental car
- Insurance
- Activities

Addressing the entire travel commerce experience

Research & Planning

Booking

Travel & Sharing

- Concierge services
- Destination guides
- Mobile apps
- 24-hour customer service
- Traveler forums
- Hotel reviews
- Destination videos


Sign in with Facebook
Sign in
Register Now!
tripadvisor
World's most trusted travel advice™
Home
Hotels
Flights
Restaurants
Vacation Rentals NEW
Trip Ideas
Write a Review
City, hotel name, etc.
Search
Over 40 million trusted traveler reviews & opinions
Plan the Perfect Trip
Hotels
Flights
Restaurants
Things to Do
Cruises
NEW
Vacation Rentals
Forums
Find Hotels Travelers Trust
City:
Check-in:
11/5/2010
mm/dd/yyyy
Check-out:
11/7/2010
mm/dd/yyyy
Adults:
2
Find Hotels
advertisement
Premium service in Executive Class ®.
Find out more
GO FAR
Like TripAdvisor?
Like us on Facebook.
Browse by Destination
Canada
Research & Planning

TripAdvisor Media Network

TripAdvisor® is the world's largest travel community, with the largest collection of traveler reviews and content on destinations and travel accommodations.

40 million

monthly unique visitors

Source: comScore August 2010, unduplicated

TripAdvisor Media Network

TripAdvisor is the world's largest travel community, with the largest collection of traveler reviews and content on destinations and travel accommodations.

20 million

registered users

TripAdvisor Media Network

TripAdvisor is the world's largest travel community, with the largest collection of traveler reviews and content on destinations and travel accommodations.

18

TripAdvisor Media Network brands

TripAdvisor Media Network

TripAdvisor is the world's largest travel community, with the largest collection of traveler reviews and content on destinations and travel accommodations.

Operating in

24

countries

TripAdvisor Media Network

TripAdvisor is the world's largest travel community, with the largest collection of traveler reviews and content on destinations and travel accommodations.

40

million

hotel reviews

Content and advice for all aspects of travel

World's largest travel community

tripadvisor®

到到 daodao.com

tripadvisor 中国官网

Air travel content & community

SEATGURU by tripadvisor

airfarewatchdog™

bookingbuddy®

TRAVEL SEARCH MADE SIMPLE™

FrequentFlier.com™

may your miles never expire

Content and advice for all aspects of travel

Traveler content and community sites

















Content and advice for all aspects of travel

Travel deals and price comparison











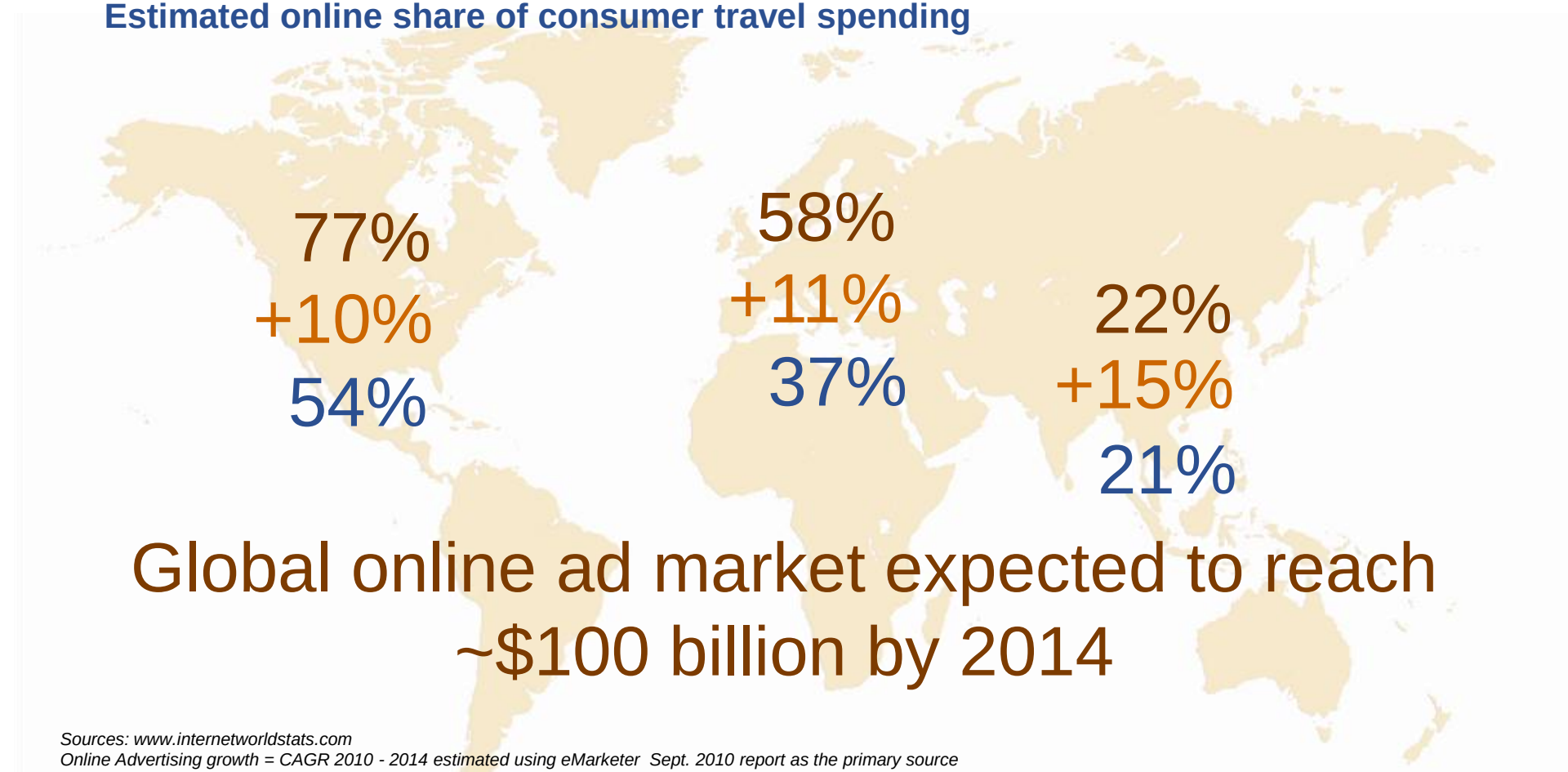


Global market opportunity for online travel media

Internet penetration

Estimated online advertising growth

Estimated online share of consumer travel spending



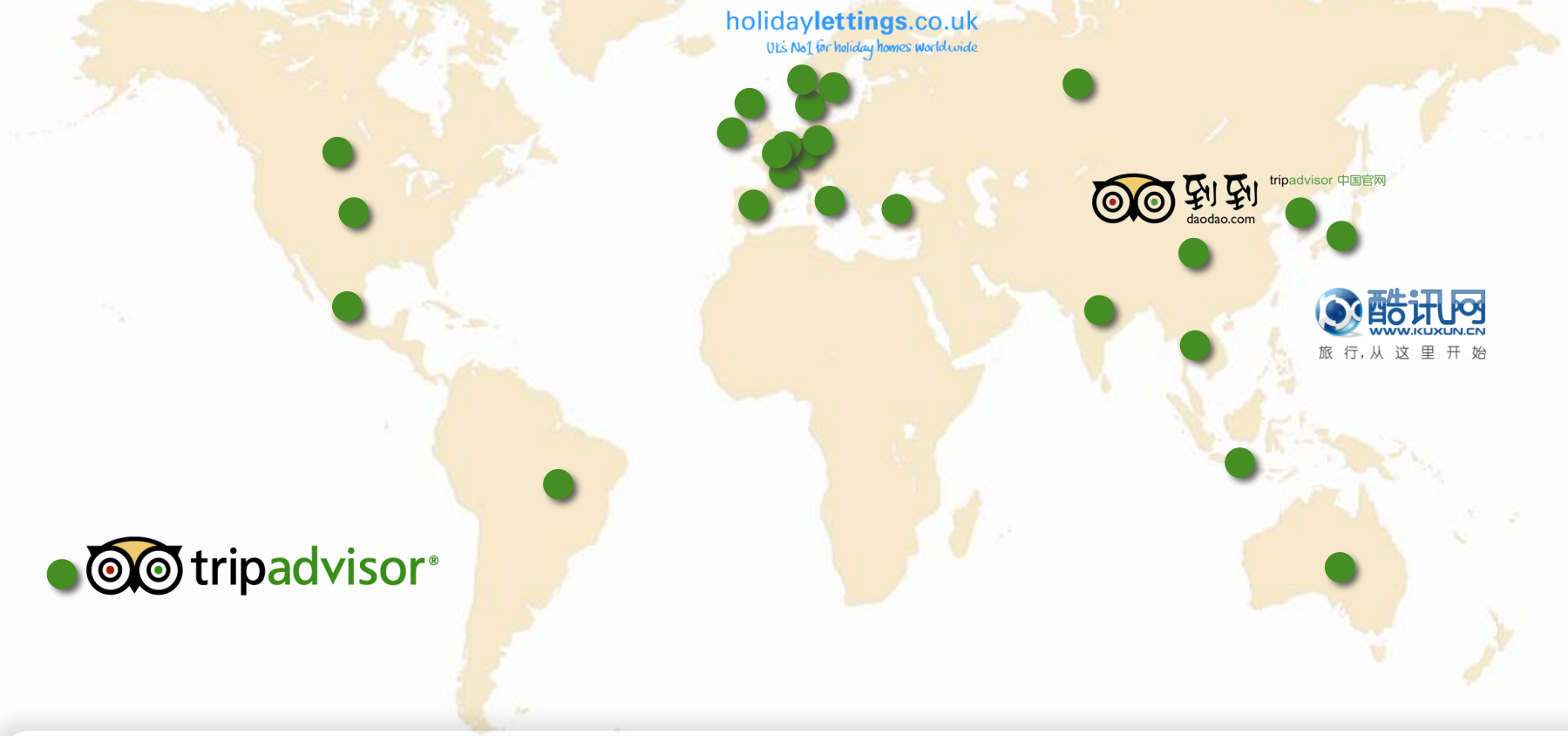
Global online ad market expected to reach ~$100 billion by 2014

Sources: www.internetworldstats.com
Online Advertising growth = CAGR 2010 - 2014 estimated using eMarketer Sept. 2010 report as the primary source
PhoCusWright studies spanning 2009 and 2010
Online Advertising market eMarketer September 2010 report

Serving travelers across the globe

TripAdvisor international third-party revenue now ~40%

100% YOY growth in each of the last four quarters



Monetizing travel media

Expedia's robust and fast-growing advertising and media businesses make us unique in the industry, and allow us maximum flexibility as the industry evolves.

TTM revenue of

$401

million

As of Sept. 30, 2010

Monetizing travel media

Expedia’s robust and fast-growing advertising and media businesses make us unique in the industry, and allow us maximum flexibility as the industry evolves.

An increase of

+34%

year over year

Monetizing travel media

Expedia’s robust and fast-growing advertising and media businesses make us unique in the industry, and allow us maximum flexibility as the industry evolves.

Percent of EI revenue TTM

12%

Monetizing travel media

Expedia’s robust and fast-growing advertising and media businesses make us unique in the industry, and allow us maximum flexibility as the industry evolves.

OIBA margins of

>50%

Monetizing travel media

We believe this can be a

$1 Billion

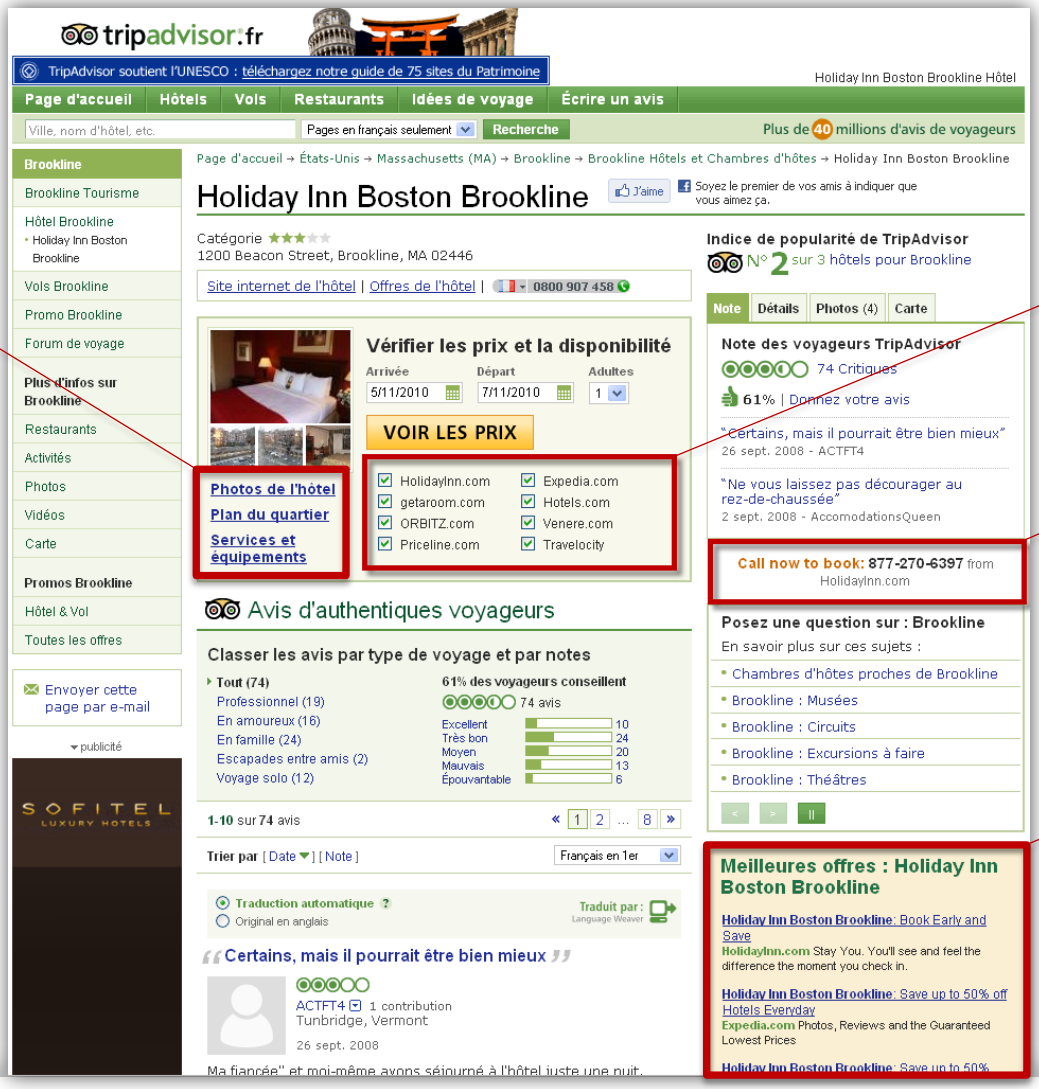
business.

TripAdvisor Media Network

A range of opportunities for travel advertisers

Cost-Per-Click (CPC)

Amenities, images and maps

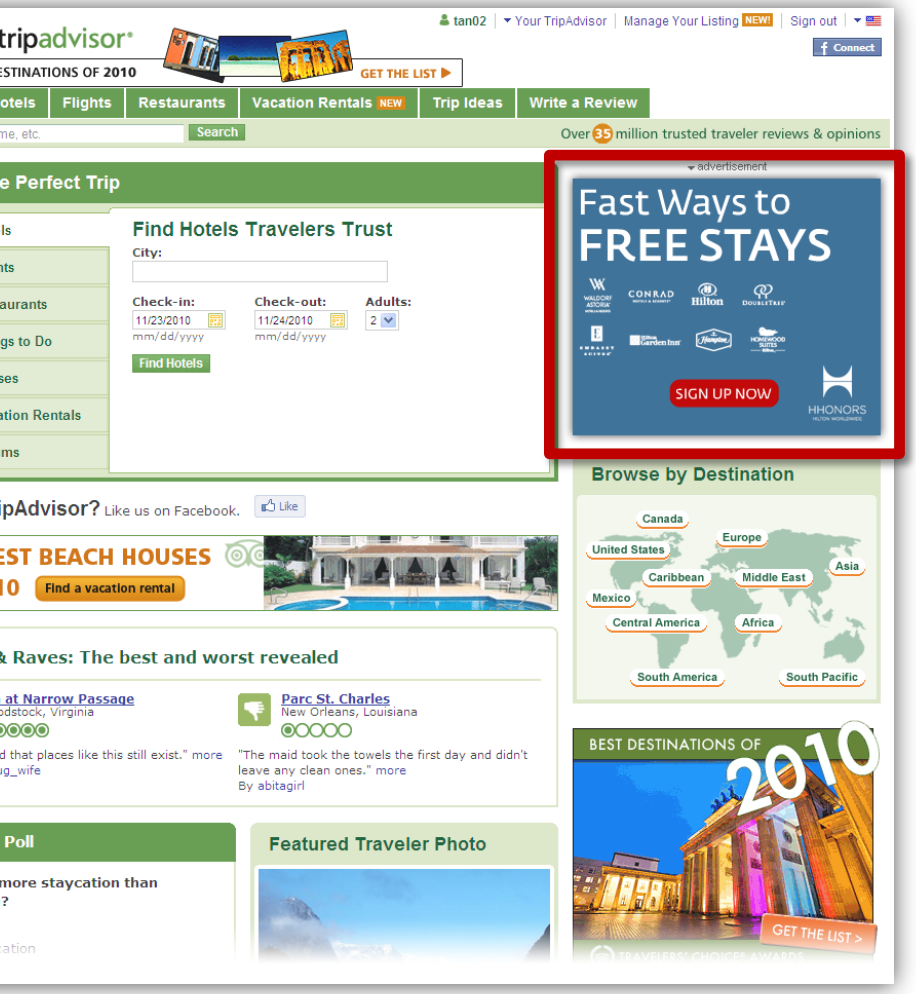


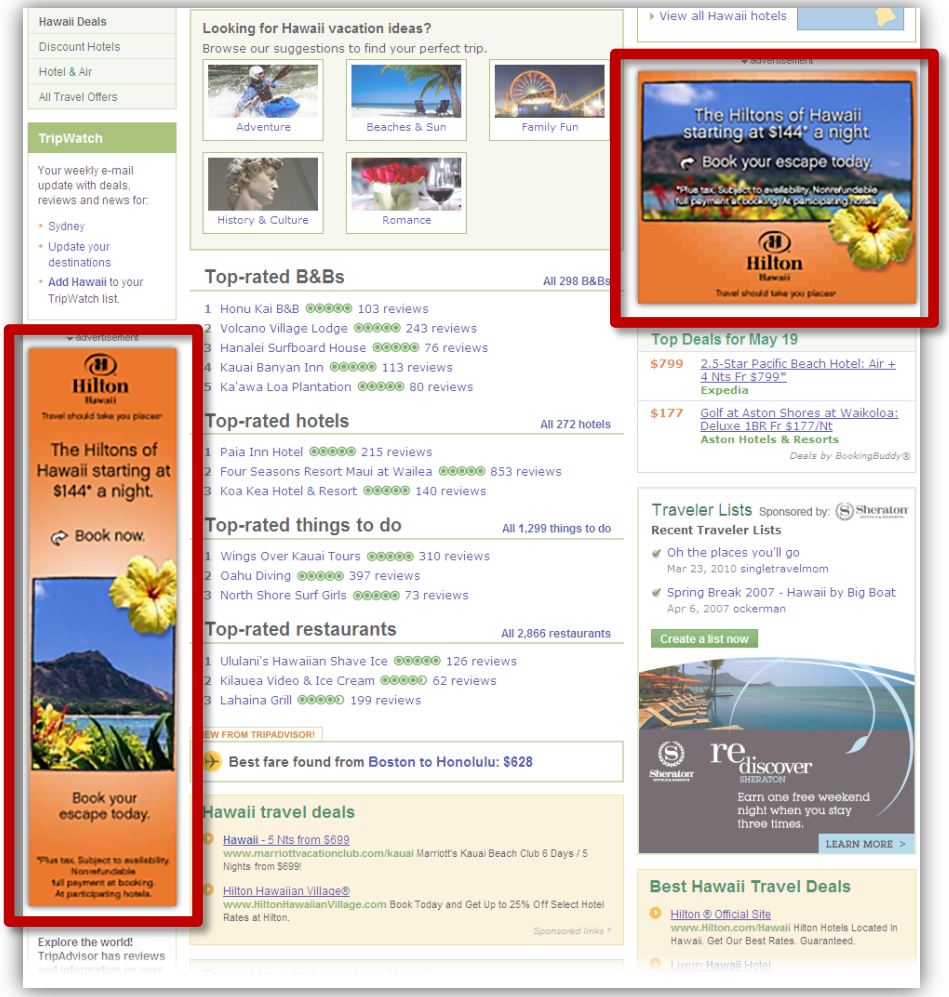
Check Rates link

IP mapping

Sponsored links

Display (CPM)

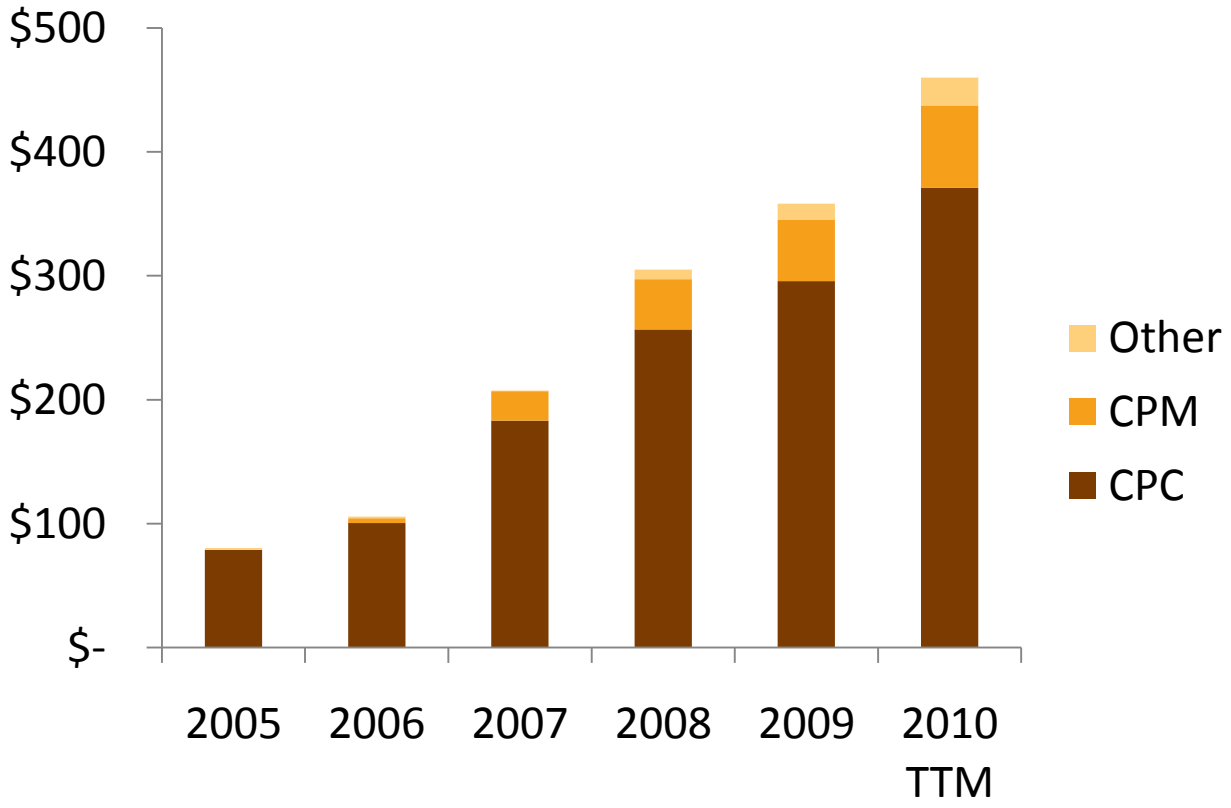

tripadvisor
Flights
Restaurants
Vacation Rentals
Trip Ideas
Write a Review
Find Hotels Travelers Trust
Fast Ways to FREE STAYS
SIGN UP NOW
Browse by Destination
Canada
United States
Europe
Asia
Caribbean
Middle East
Mexico
Central America
Africa
South America
South Pacific
BEST DESTINATIONS OF 2010
GET THE LIST
Featured Traveler Photo


Looking for Hawaii vacation ideas?
Adventure
Beaches & Sun
Family Fun
History & Culture
Romance
Top-rated B&Bs
Top-rated hotels
Top-rated things to do
Top-rated restaurants
The Hiltons of Hawaii starting at $144* a night.
Book your escape today.
Top Deals for May 19
Traveler Lists
Hawaii travel deals
Best Hawaii Travel Deals

Subscription-based Business Listings

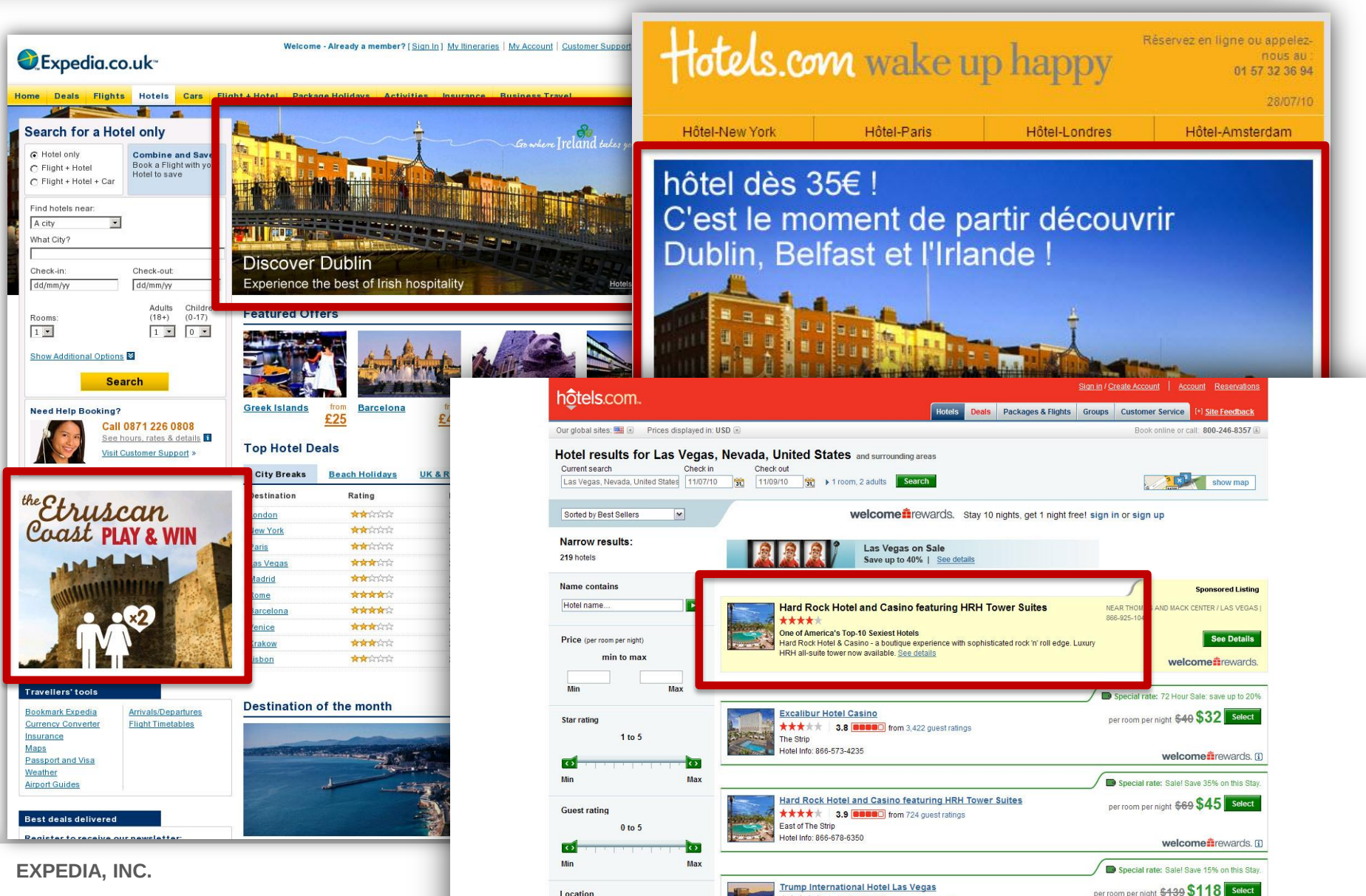


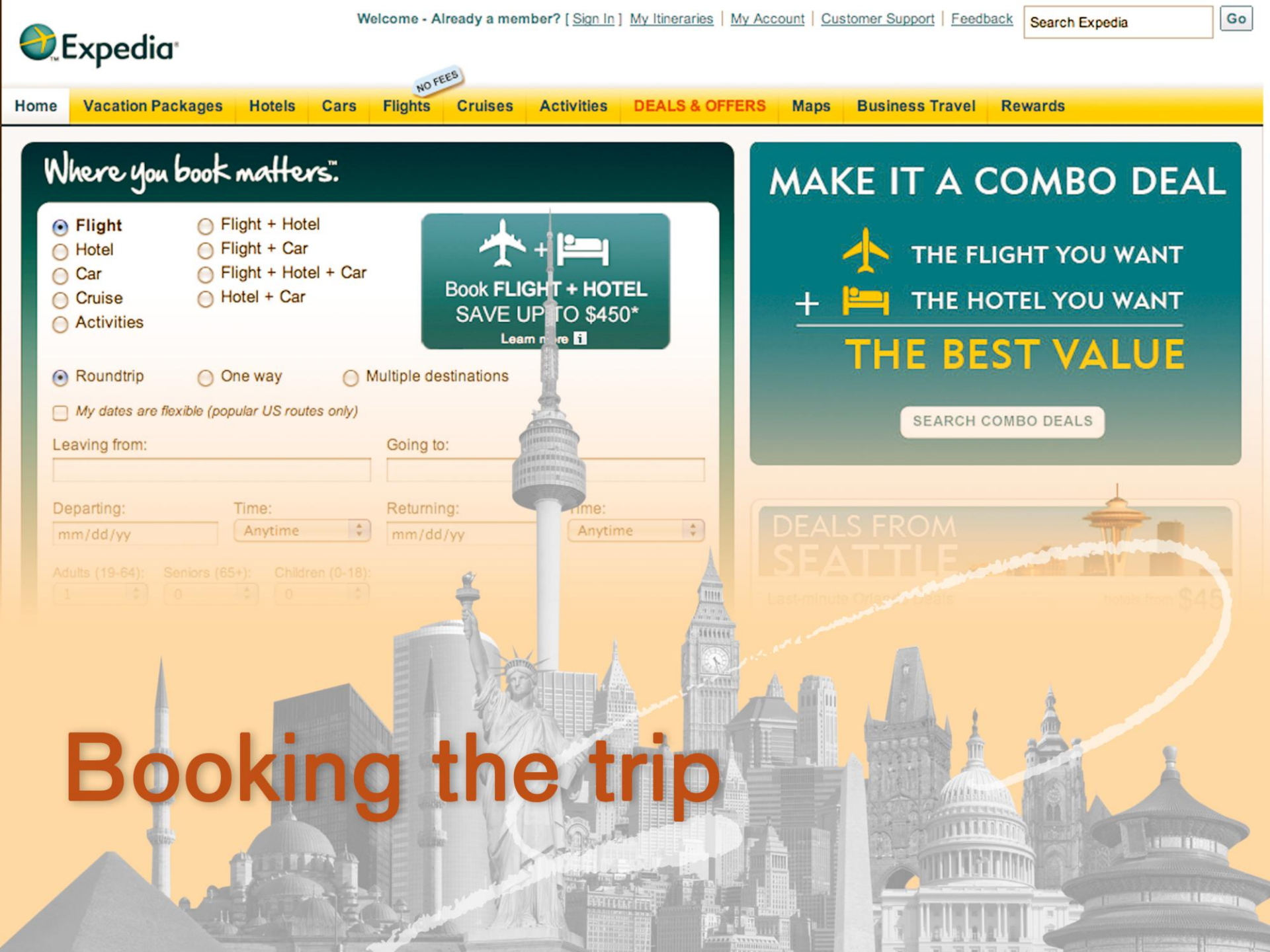
A range of opportunities for travel advertisers



Total TripAdvisor Gross Revenue
(in millions)

Media products on booking sites




Expedia
Welcome - Already a member? [Sign In] My Itineraries | My Account | Customer Support | Feedback
Search Expedia
Go
Home
Vacation Packages
Hotels
Cars
Flights
NO FEES
Cruises
Activities
DEALS & OFFERS
Maps
Business Travel
Rewards
Where you book matters.™
Flight
Hotel
Car
Cruise
Activities
Flight + Hotel
Flight + Car
Flight + Hotel + Car
Hotel + Car
Book FLIGHT + HOTEL
SAVE UP TO $450*
Roundtrip
One way
Multiple destinations
My dates are flexible (popular US routes only)
Leaving from:
Going to:
Departing:
mm/dd/yy
Time:
Anytime
Returning:
mm/dd/yy
Time:
Anytime
Adults (19-64):
Seniors (65+):
Children (0-18):
MAKE IT A COMBO DEAL
THE FLIGHT YOU WANT
+
THE HOTEL YOU WANT
THE BEST VALUE
SEARCH COMBO DEALS
DEALS FROM
SEATTLE
Booking the trip

Booking the trip

Nobody matches supply with demand on a global basis at our scale.

96

leisure booking sites

Booking the trip

Nobody matches supply with demand on a global basis at our scale.

Serving travelers in over

60

countries

Booking the trip

Nobody matches supply with demand on a global basis at our scale.

300+

airlines

Booking the trip

Nobody matches supply with demand on a global basis at our scale.

130K

hotels

Booking the trip

Expedia
Where you book matters.

World's largest OTA, focusing on the whole trip

hotels.com

Hotel specialist with over 70 sites in over 60 countries

Hotwire

Unpublished rate booking site

EGENCIA
AN EXPEDIA, INC. COMPANY

5th largest full-service corporate travel management company in the world

Booking the trip

艺龙旅行网 eLong.com	Leading Chinese OTA
venere.com™	Italy-based agency hotel bookings provider
CarRentals.com	Online car rentals consolidator
CLASSIC VACATIONS™	Luxury travel provider
Expedia® cruiseshipcenters®	Offline cruise travel agency with retail presence

Global market opportunity for online travel bookings

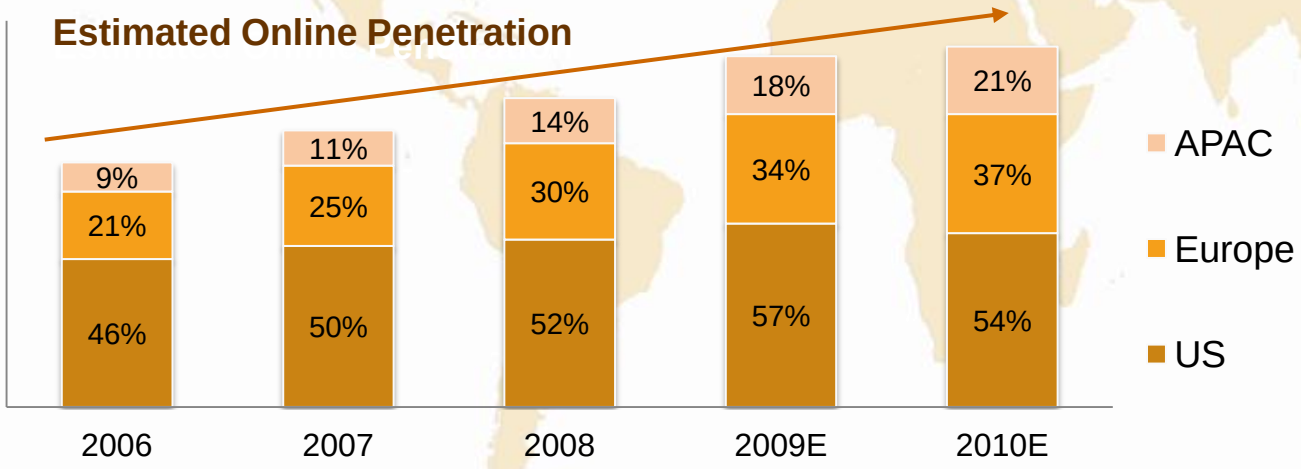
Size of travel market

Online penetration

$255B
54%

$293B
37%

$212B
21%



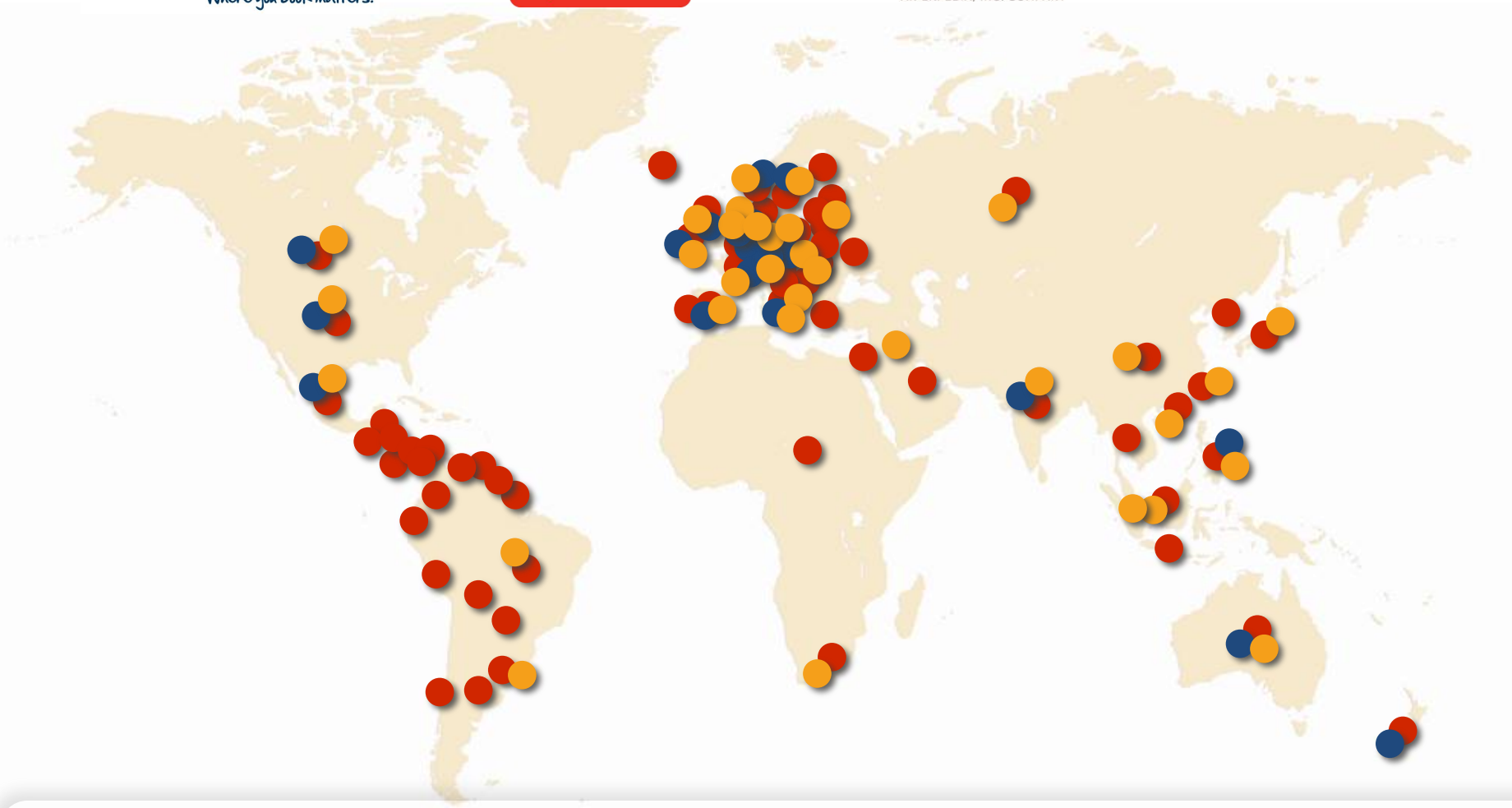
Source: PhoCusWright studies spanning 2009 and 2010

Serving travelers across the globe

Expedia
Where you book matters.

hotels.com

EGENCIA
AN EXPEDIA, INC. COMPANY



Maintaining the broadest supply portfolio

Hotel

- >130,000 hotels offered making up ~60% of EXPE worldwide annual revenue (TTM)
  - ~55% merchant model hotels
  - ~25% agency model hotels
- Expedia accounts for 7% of room nights in the Top 20 U.S. markets

Air

- Air revenue ~12% of EXPE worldwide annual revenue (TTM)
- Revenue largely unit / volume driven

Cruise, Car and Destination Services comprise >10% worldwide annual revenue (TTM)

>15% of EXPE gross bookings are package or multi-component transactions for same itinerary (TTM)

Source for 7% room night share stat = STR YTD through Sept. 2010

Collaboration & Integration = Growth

Expedia
Where you book matters.

hotels.com

EGENCIA
AN EXPEDIA, INC. COMPANY

Hotwire

Expedia Affiliate Network

Booking sites in over 60 countries

TripAdvisor's first advertisers

Drives traffic to booking sites

tripadvisor®

Enters new markets



Global supply team serves booking brands

Customer volume and reach = value to suppliers

Taking flight off an extended runway

There is a huge worldwide market opportunity as additional travel dollars move online around the world.

Worldwide travel market	
$>760 billion	<40% online penetration

Worldwide Internet penetration	
29%	445% growth rate

Expedia 9.30 TTM leisure revenue	
$2.8 billion	9% growth rate

Expedia 9.30 TTM media revenue	
$401 million	34% growth rate

Sources: PhoCusWright studies spanning 2009 and 2010, www.internetworldstats.com

Virtuous Cycle

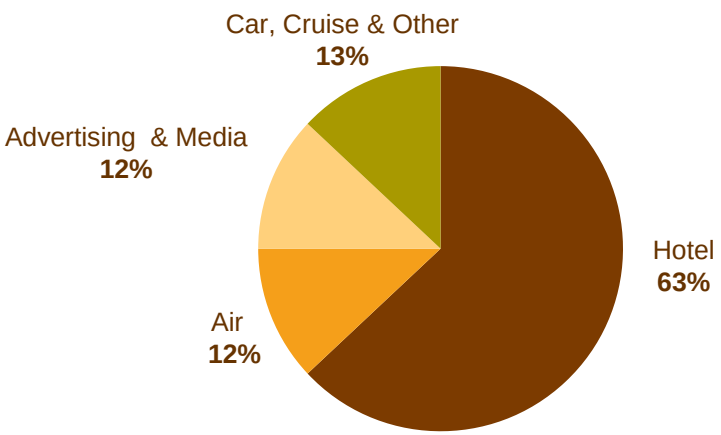
The bigger and better we get, the bigger and better we get.



Diverse revenue streams

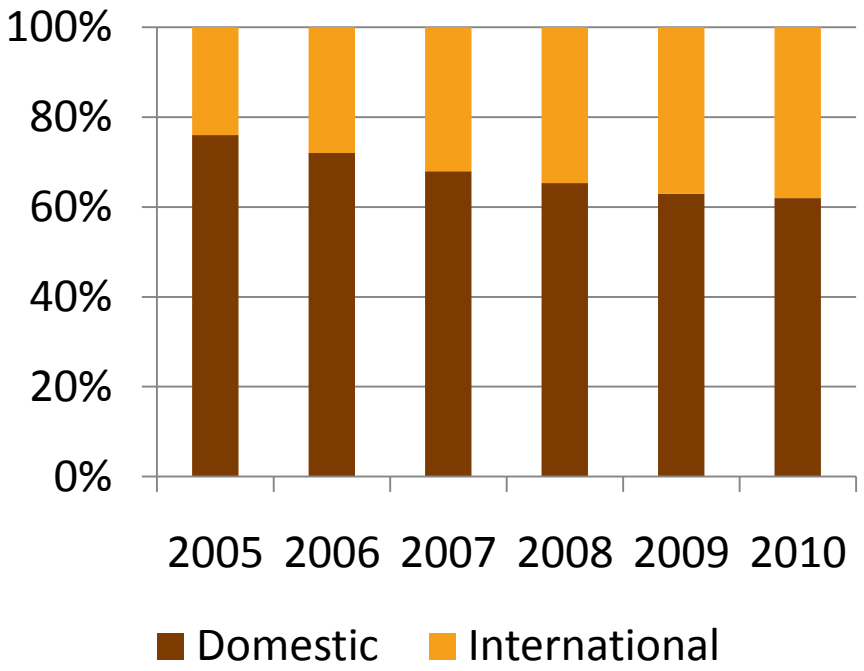
Product Categories (TTM 9.30.10)

Revenue



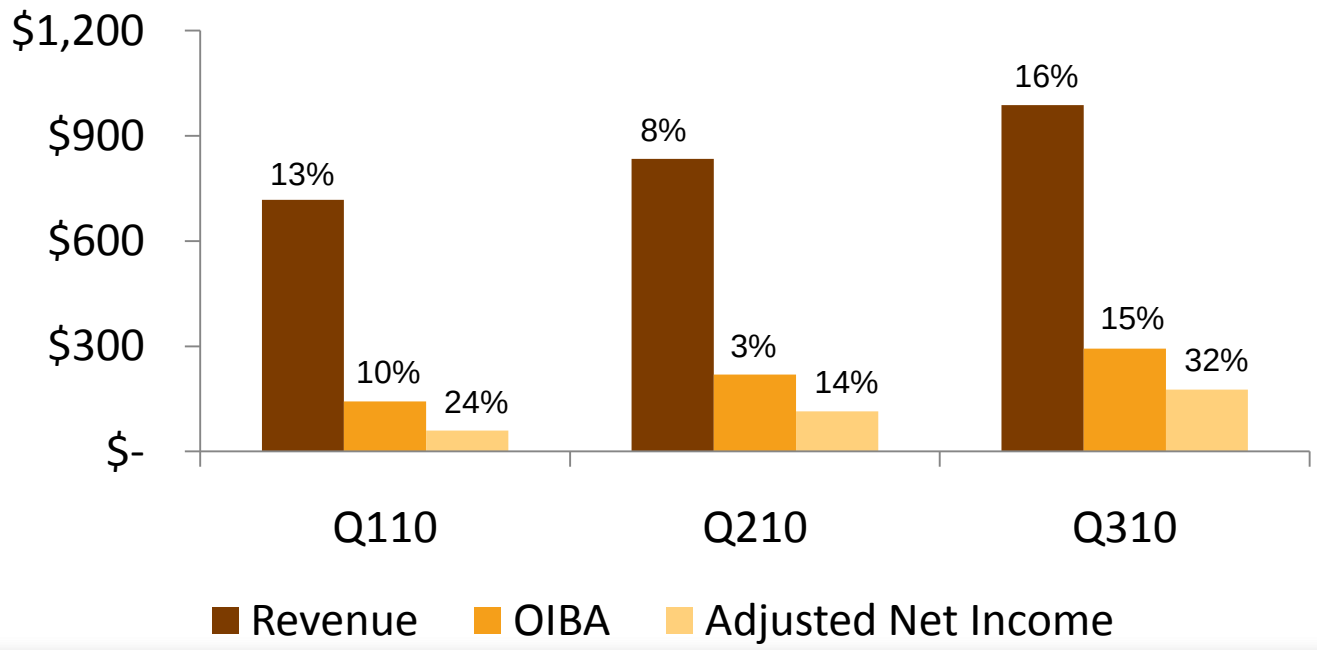
Geographic Split (TTM 9.30.10)

Revenue



Solid performance…

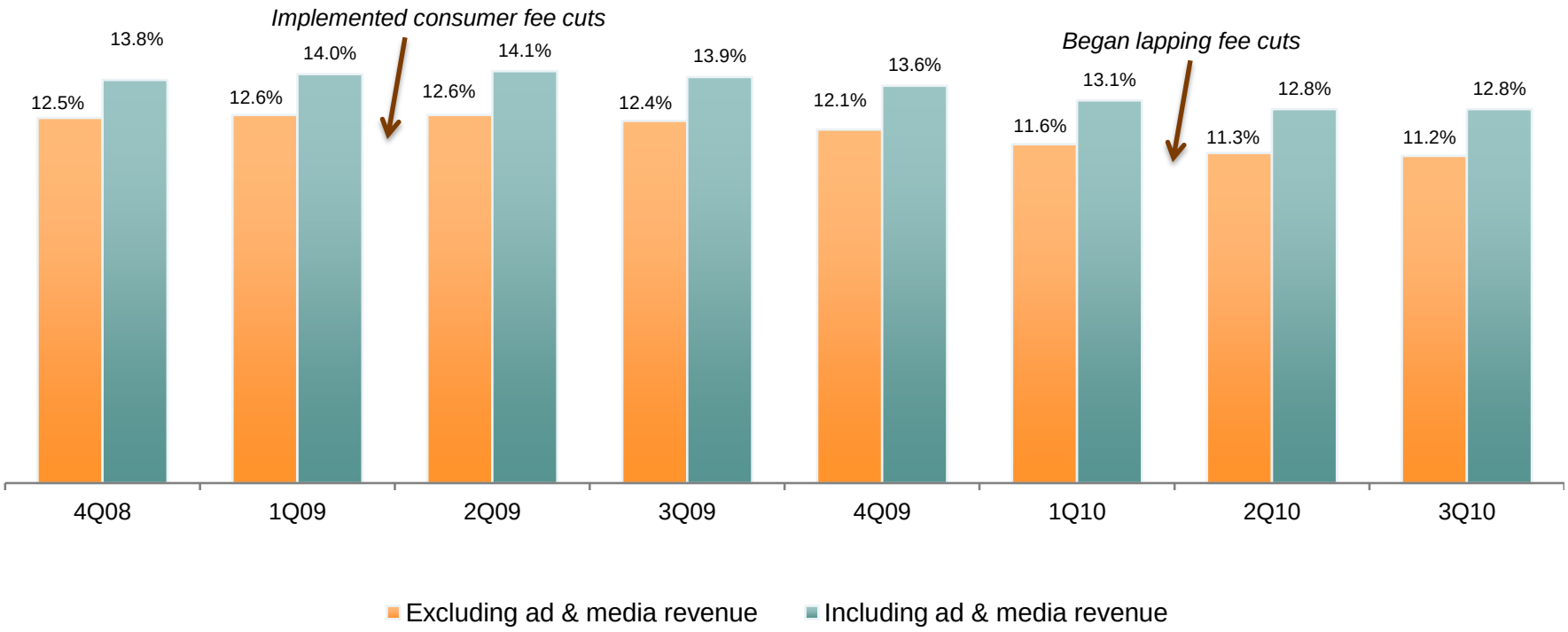
- Positive top-line growth
  - 3Q10 YOY revenue growth two times faster than 2Q10 YOY revenue growth
- Continue to generate substantial revenue, profits and free cash flow



See Appendix A for reconciliation to GAAP number

Stable supplier economics

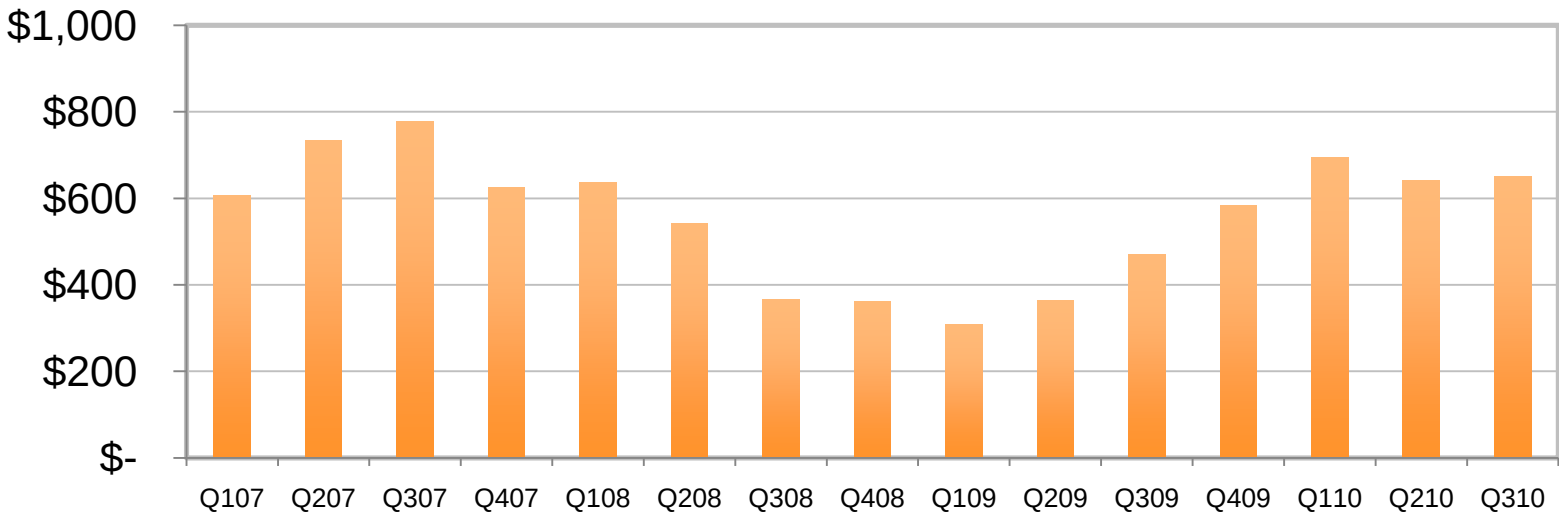
Trended Revenue Margin (TTM)



Generating cash, returning it to shareholders

Since 2006 generated $2.9B in free cash flow and returned $2.1B to shareholders through share repurchases and dividends

Trended Free Cash Flow (TTM)




CRUISE CRITIC
Cruise Reviews & News
Hotwire
travel-ticker
virtual Tourist
TravelPod
The web's original travel blog.
Hotwire
Expedia
Local Expert
DESTINATION SERVICES
SNIQUE away
mobiata
Travel smart.
bookingbuddy
TRAVEL SEARCH MADE SIMPLE
Expedia
Where you book matters.
Independent Traveler.com
hotels.com
tripadvisor
SEATGURU
by tripadvisor
tripadvisor 中国官网
daodao.com
CarRentals.com
expedia inc.
Expedia
Affiliate Network
ONETIME
venere.com
艺龙旅行网
eLong.com
airfarewatchdog
EGENCIA
AN EXPEDIA, INC. COMPANY
Expedia
cruiseshipcenters
FLIPKEY
VACATION HOME RENTALS WITH REAL REVIEWS
HOLIDAY
WATCHDOG.COM
CLASSIC
VACATIONS
holidaylettings.co.uk
UK's No1 for holiday homes worldwide
family vacation
critic.com
TravelLibrary
smarter TRAVEL
酷讯网
WWW.KUXUN.CN
旅 行，从 这 里 开 始
FrequentFlier.com
may your miles never expire

Appendix A - Non-GAAP Items

Operating Income Before Amortization ("OIBA") 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, and (ii) gains (losses) recognized on changes in the value of contingent consideration arrangements; (3) certain infrequently occurring items, including restructuring; (4) charges incurred, if any, for monies that may be required to be paid in advance of litigation in certain occupancy tax proceedings; and (5) gains (losses) realized on revenue hedging activities that are included in other, net.

OIBA margin is OIBA divided by net revenue.

Adjusted Net Income generally captures all items on the statements of operations that occur in normal course operations and have been, or ultimately will be, settled in cash and is defined as net income/(loss) attributable to Expedia, Inc. plus net of tax: (1) stock-based compensation expense, including compensation expense related to certain subsidiary equity plans; (2) acquisition-related impacts, including (i) amortization of intangible assets, including as part of equity-method investments, and goodwill and intangible asset impairment, (ii) gains (losses) recognized on changes in the value of contingent consideration arrangements, and (iii) gains (losses) recognized on noncontrolling investment basis adjustments when we acquire controlling interests; (3) mark to market gains and losses on derivative instruments assumed at Spin-off; (4) currency gains or losses on U.S. dollar denominated cash or investments held by eLong; (5) certain other infrequently occurring items, including restructuring charges; (6) charges incurred, if any, for monies that may be required to be paid in advance of litigation in certain occupancy tax proceedings; (7) discontinued operations; and (8) the noncontrolling interest impact of the aforementioned adjustment items. We believe Adjusted Net Income is useful to investors because it represents Expedia, Inc.'s combined results, taking into account depreciation, which management believes is an ongoing cost of doing business, but excluding the impact of other non-cash expenses, infrequently occurring items and items not directly tied to the core operations of our businesses.

Appendix A - Non-GAAP Items

OIBA (Operating Income Before Amortization)

(figures in $000s)	3 Months Ended 31-Mar-10	3 Months Ended 30-Jun-10	3 Months Ended 30-Sep-10
OIBA	$142,544	$219,472	$293,650
Amortization of intangible assets	(9,028)	(8,344)	(8,126)
Stock-based compensation	(18,892)	(14,651)	(13,021)
Restructuring charges	-	-	-
Occupancy tax assessments and legal reserves		-	-
Realized loss (gain) on revenue hedges	(2,450)	(2,787)	4,301
Operating income	112,174	193,690	276,804
Interest expense, net	(20,608)	(18,988)	(24,539)
Other, net	568	817	(13,657)
Provision for income taxes	(31,535)	(60,166)	(60,584)
Net income attributable to noncontrolling interests	(1,204)	(1,091)	(1,474)
Net income attributable to Expedia, Inc.	$59,395	$114,262	$176,550

Source: Company reports

Appendix A - Non-GAAP Items

Adjusted Net Income

(figures in $000s)	3 Months Ended 31-Mar-10	3 Months Ended 30-Jun-10	3 Months Ended 30-Sep-10
Net income attributable to Expedia, Inc.	$ 59,395	$ 114,261	$ 176,550
Amortization of intangible assets	9,028	8,344	8,126
Stock-based compensation	18,892	14,651	13,021
Restructuring charges	-	-	-
Foreign currency gain on U.S. dollar cash balances held by eLong	(125)	873	1,358
Amortization of intangible assets as part of equity method investments	-	-	-
Noncontrolling interests	(436)	(783)	(954)
Provision for income taxes	(9,023)	(8,061)	(6,838)
Adjusted net income	$ 77,731	$ 129,285	$ 191,263

Source: Company reports

Appendix A - Non-GAAP Items

Free Cash Flow

(figures in $000s)

	31-Dec-06	31-Dec-07	31-Dec-08	31-Dec-09	30-Sep-10	Total
Net cash provided by operating activities	$617,440	$712,069	$520,688	$676,004	$937,717	$3,463,918
Less: capital expenditures	(92,631)	(86,658)	(159,827)	(92,017)	(113,324)	(544,457)
Free cash flow	$524,809	$625,411	$360,861	$583,987	$824,393	$2,919,461

Source: Company reports