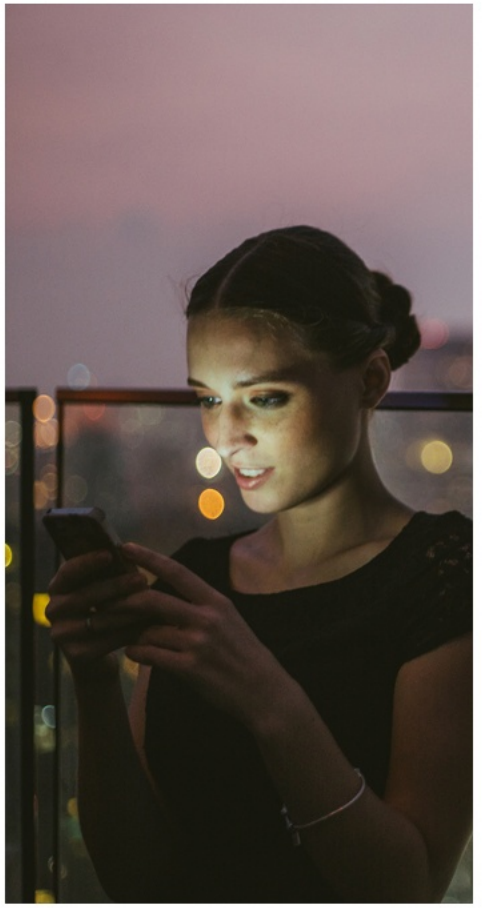






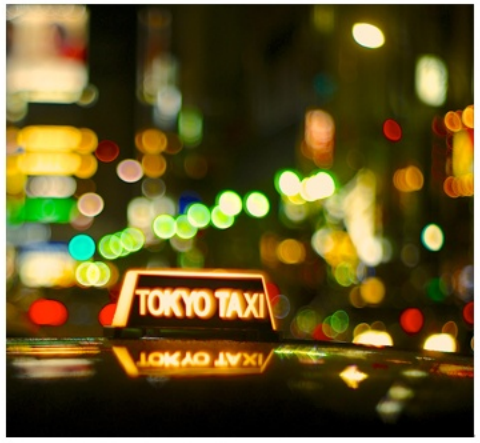


expedia inc.

Investor presentation

March 16, 2016









Safe harbor

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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
$60B
gross bookings[1]

$6.6B revenue growing
>2X faster vs. industry

450M+ monthly site visits[2]

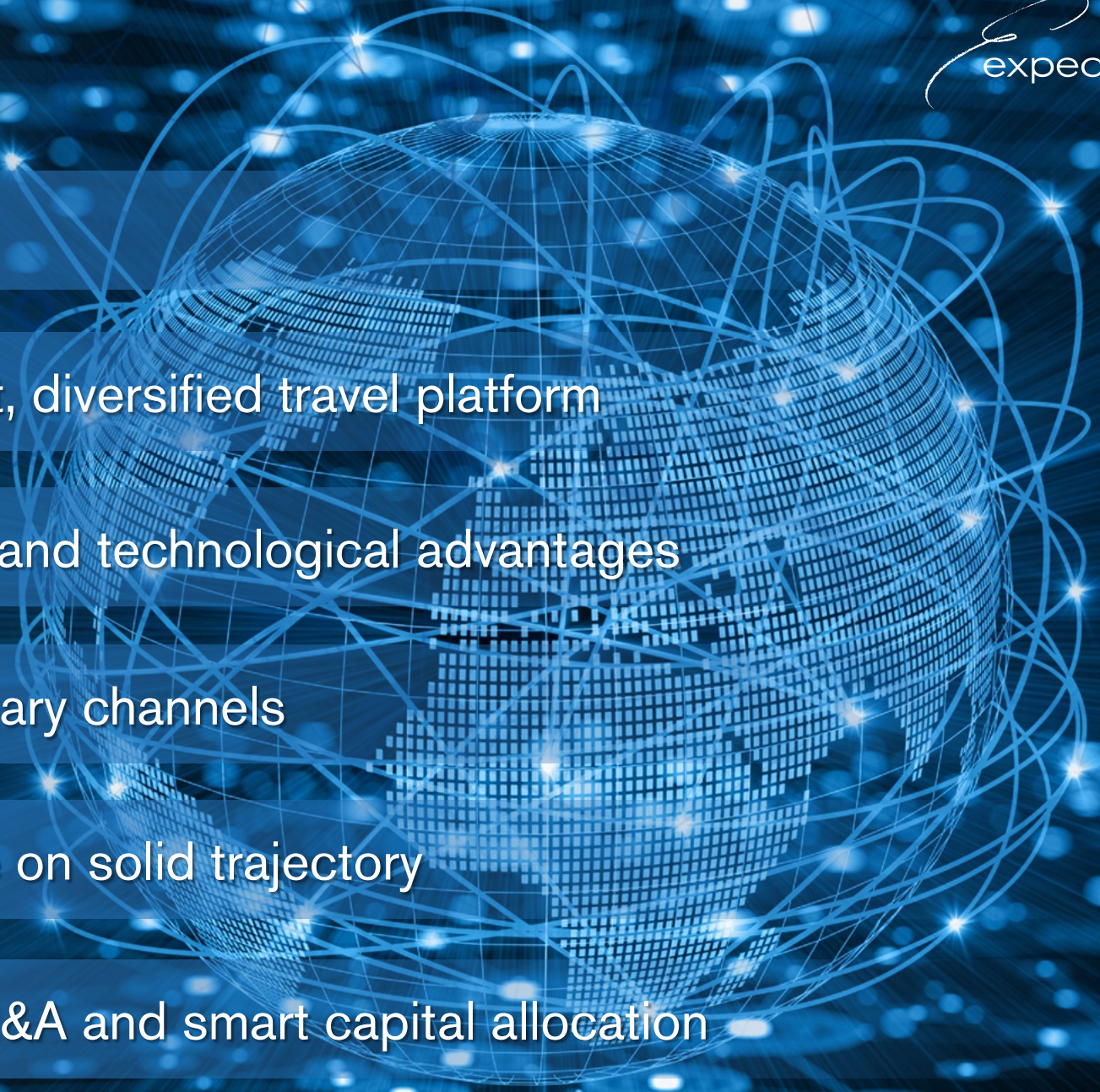
75+ countries served

1.5M+ lodging options for travelers

18K+ employees globally

Notes: Expedia, Inc. results shown for 2015. [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 Worldwide, HomeAway, trivago and Hotwire combined during 2015.
Sources: Overall travel industry growth rate based on Phocuswright data for 2015 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 $1.4T global market

Global leader with significant headroom for further growth



United States and Canada



EMEA



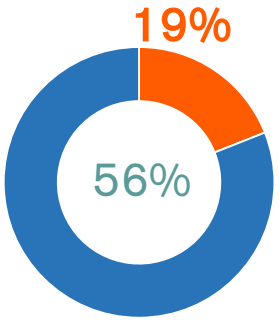
Asia Pacific

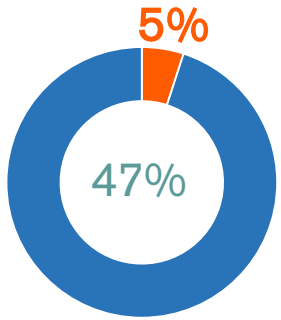


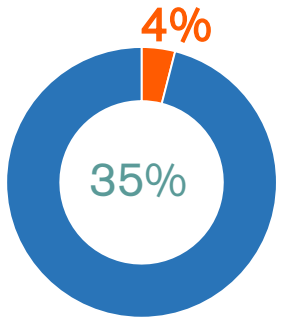
Latin America

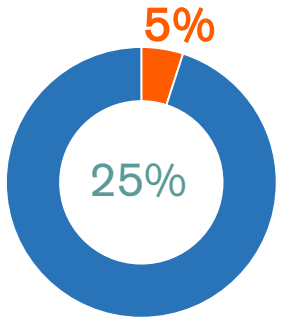
Online travel segment

45% of total travel market



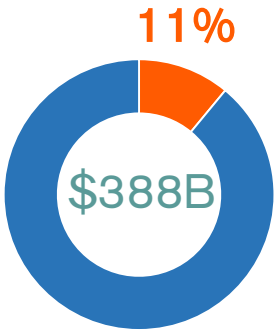


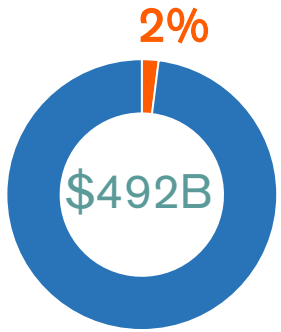


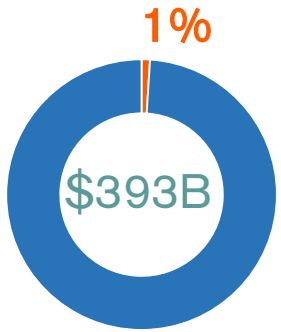


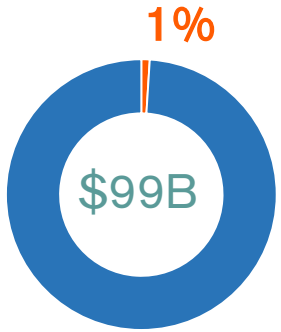
2016 total travel market

Total travel market ~$1.4T









Expedia, Inc. Other

Notes: Expedia's share of travel market defined as gross bookings during 2015. Travel market size estimates based on Phocuswright data for 2016.
Sources: Phocuswright estimates and Expedia data.

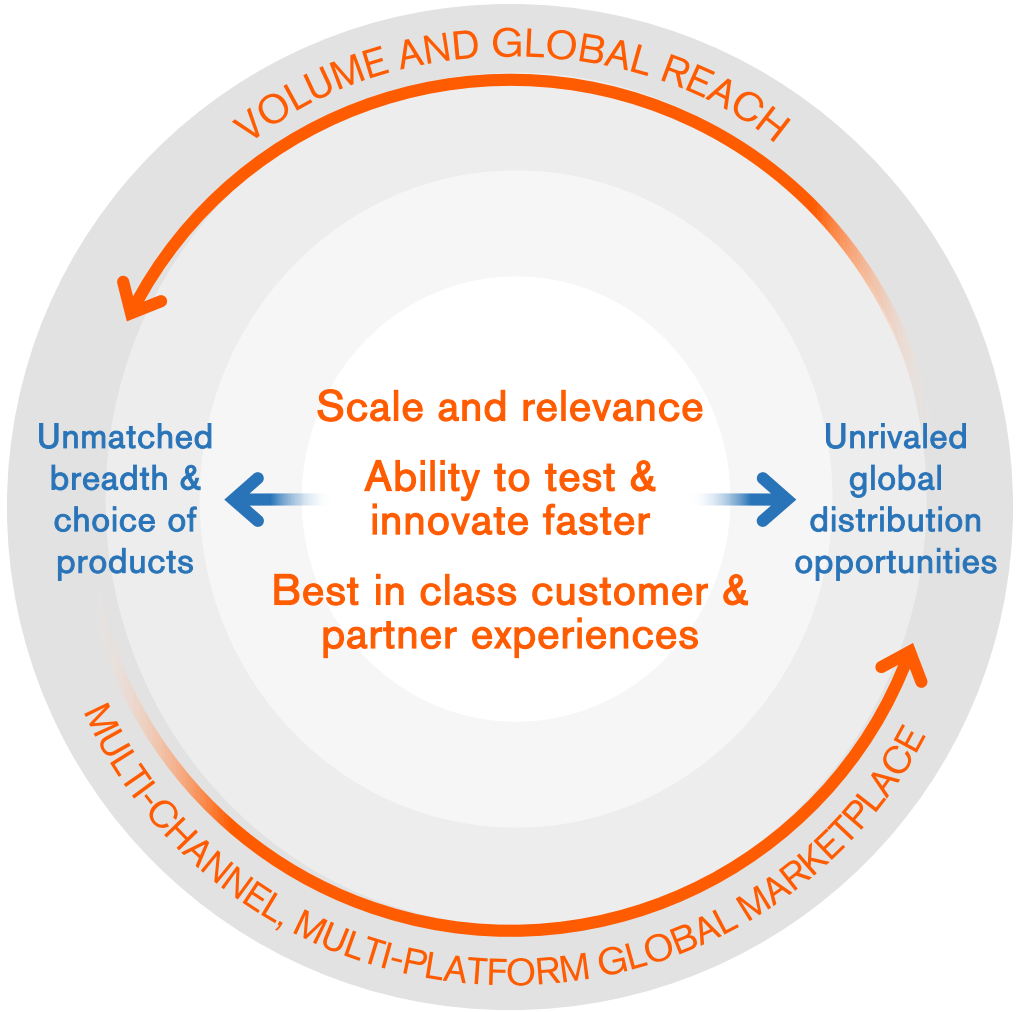
World's largest, diversified travel platform

expedia inc.

High volume & diversity of DEMAND

- Monthly visits[1] **450M+ in 75+ countries**
- Active corporate travelers **1M+**
- Powering **100K+** offline travel agents[2]
- Calls handled annually **45M**

The Expedia, Inc. global travel platform



Broad and diversified SUPPLY

- Hotels **269K+**
- Vacation rentals **1.2M+**
- Airlines **475+**
- Car rental companies **150+**
- Unique activities **15K+**

Notes: Expedia, Inc. data shown as of 12/31/15. [1]Monthly visitors based on data for Brand Expedia (including Travelocity and Wotif), Hotels.com, Orbitz Worldwide, HomeAway, trivago and Hotwire combined during 2015. [2]Offline travel agents based on number of sales agents in Expedia Affiliate Network (EAN), Classic Vacations, CruiseShipCenters, Travel Agent Affiliate Program (TAAP).

Scale advantages in demand generation

Optimization

Maximize $\mathbf{GP}_t$

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

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

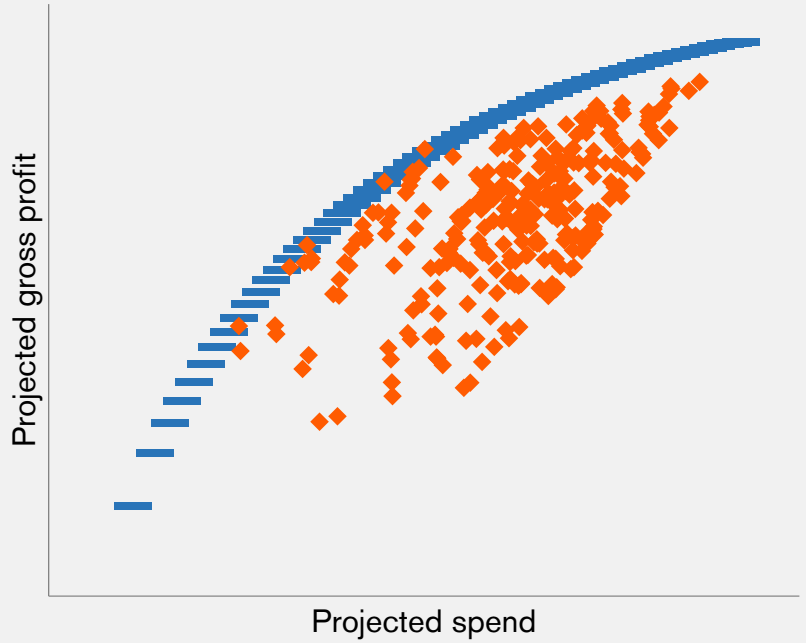
$$\mathbf{Spend}_t = \sum_{i=1}^{N} \text{clicks}_{it} \times \text{CPC}_{it}$$

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

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

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

Efficiency frontier



Hundreds of billions of predictive calculations performed annually to inform marketing decisions driving direct selling & marketing spend of ~$2.7B[1]

Notes: [1]Direct selling & marketing spend for 2015 is a non-GAAP measure. See Appendix for non-GAAP to GAAP reconciliation.

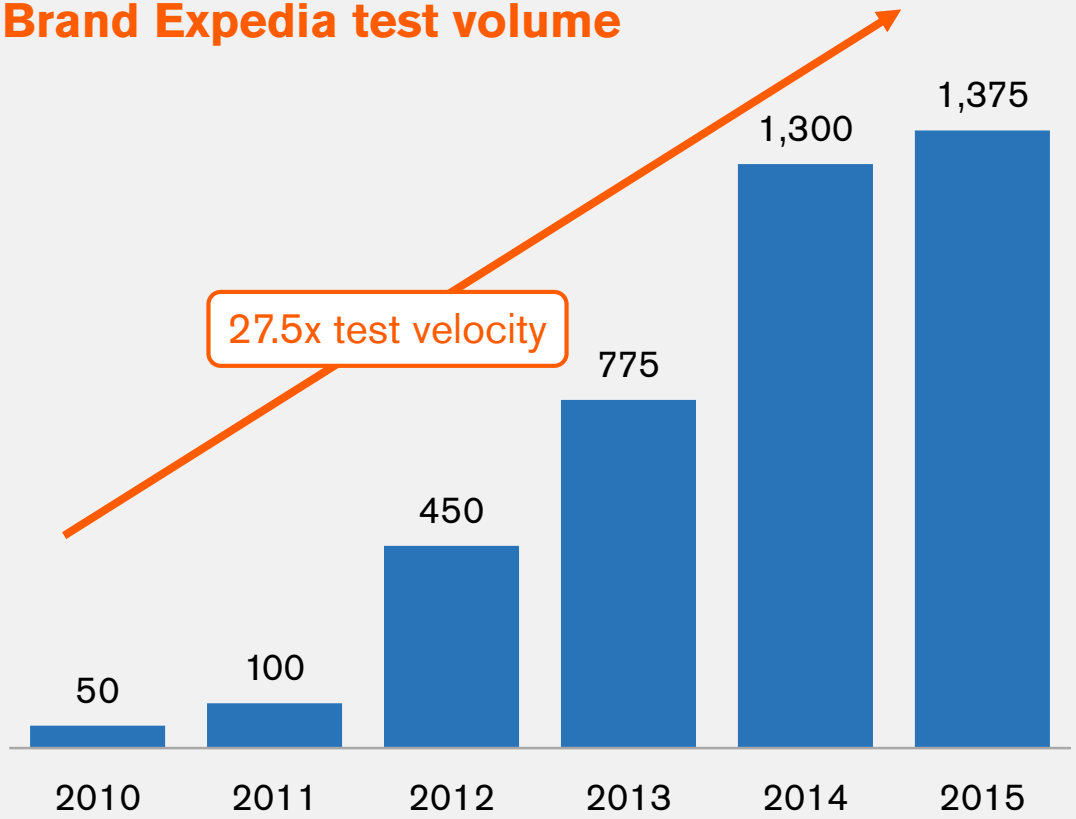
Scale advantages in innovation

~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

Brand Expedia test volume



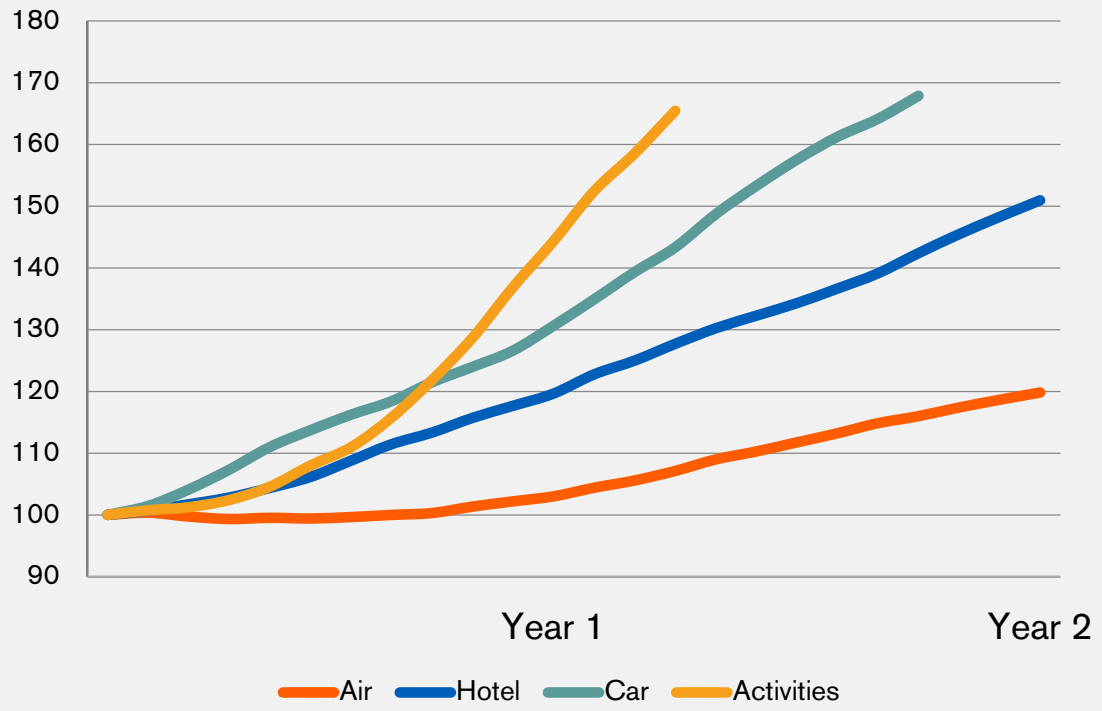
Adjusted technology & content spend $528M[2]

Notes: [1]Employees in technology roles as of 12/31/15. [2]Adjusted technology & content spend for 2015 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	2015 growth[3]	Expedia platform
Air	$600B	+35%	☑
Hotel	$400B	+36%	☑
Car	$40B	+37%	☑
Activities[1]	$80B	+43%	☑
Cruise	$20B	+5%	☑
Rail[2]	$130B	N/A	Coming in 2016

Indexed unit volume on replatforming[4]



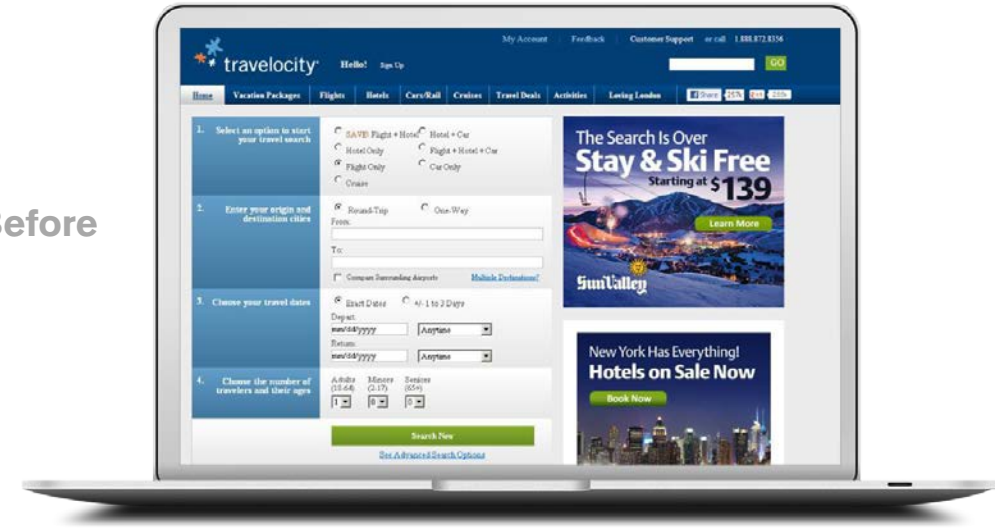
True multiproduct platform

Notes: [1]Activities includes packages and tours. [2]Rail platform launch expected 2016. [3]Y/Y growth rates shown for 2015 Expedia, Inc., excluding eLong, for air tickets sold, hotel room nights, rental car days, activity transactions, cruise transactions. [4]Brand Expedia including BEX Asia pro-forma.
Sources: Product markets based on 2016 Phocuswright data.

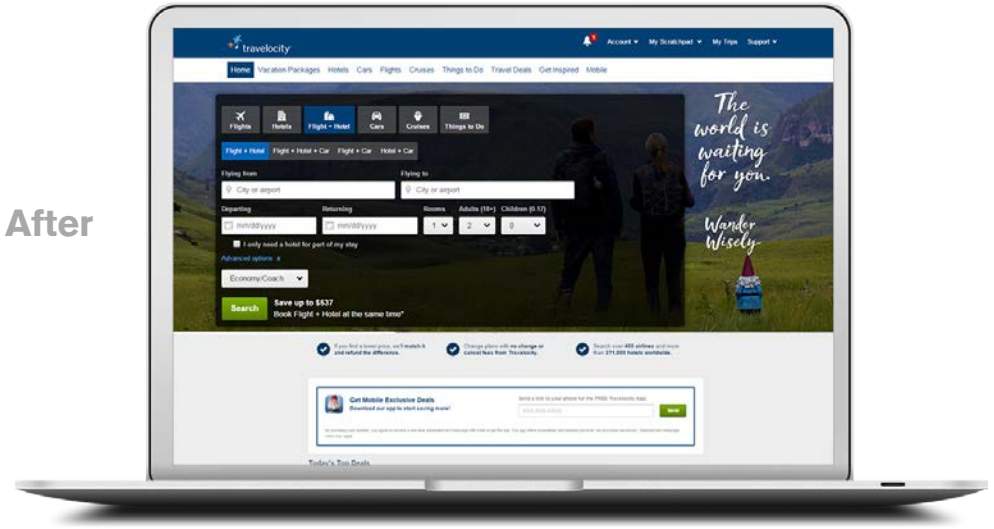
Unique acquisition integration approach

Travelocity case study

Before



After



Declining revenues	**Double-digit** revenue growth
Single-digit adjusted EBITDA margins	**OTA-leading** adjusted EBITDA margins
Standalone end-to-end OTA functions	**Leveraging** Expedia global platforms
Large employee base	**Small** employee base

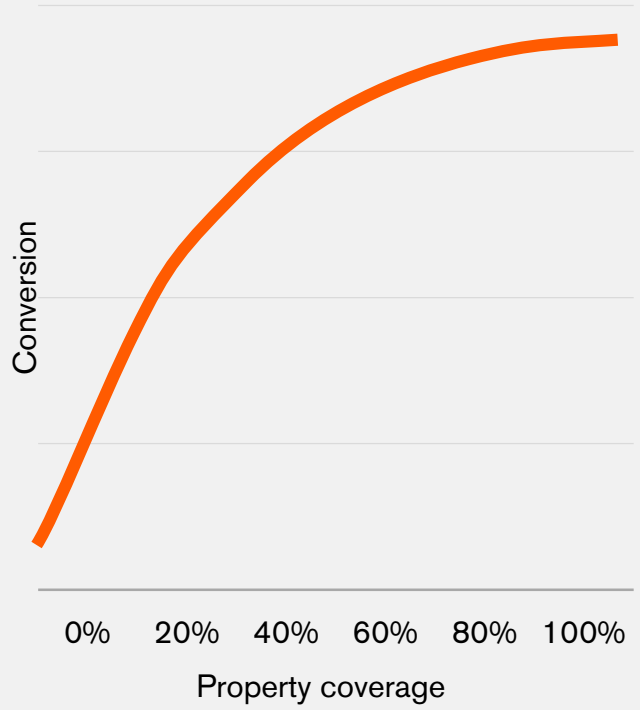
Accelerated revenue growth | Significantly reduced cost structure | Repeatable process

Sources: Company estimates and internal data.

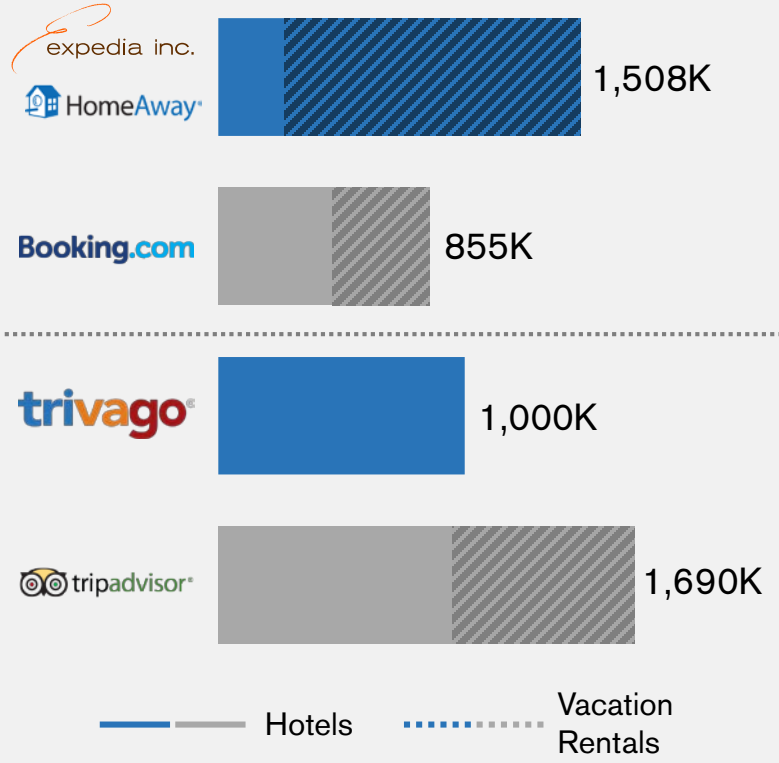
Scale advantages in supply

More selection equals greater conversion

Illustrative

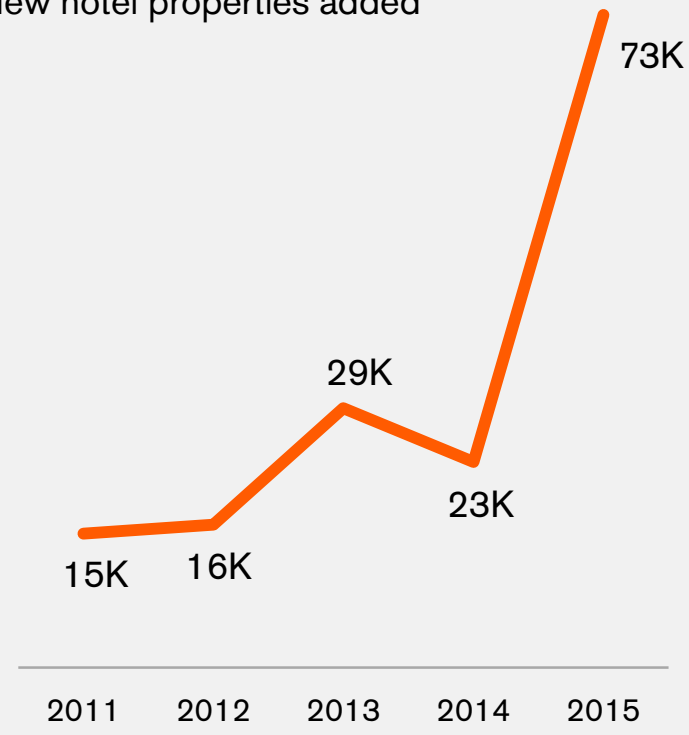


Industry leading lodging portfolio



Accelerating pace of supply acquisition[1]

New hotel properties added



3K+ Lodging Partner Services team members[2]

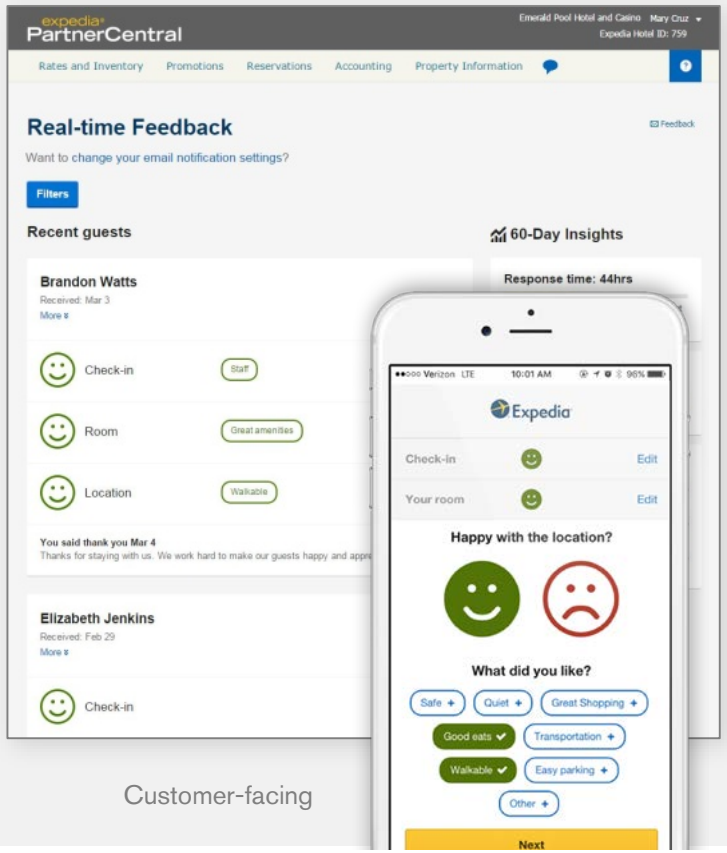
Notes: [1]Supply growth shown ex-eLong for all years presented; 2015 excludes 20K 3rd party properties removed, resulting in net increase of 53K. [2]Lodging Partner Services headcount as of 12/31/15.
Sources: Property counts shown per TripAdvisor and Booking.com websites after 12/31/15. TripAdvisor property count includes hotels, B&Bs, specialty lodging and vacation rentals.

Scaling partner-facing innovation

Real-time Feedback

Helps hoteliers improve the stay experience of Expedia travelers

Partner-facing

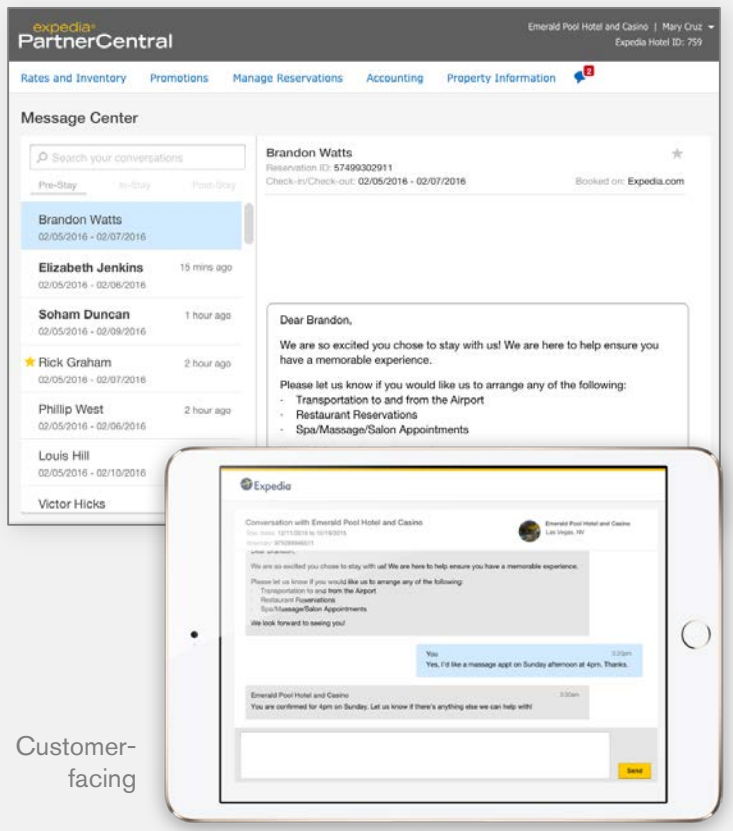


Customer-facing

EPC Conversations

Encourages direct on-platform dialogue between hoteliers and booked guests

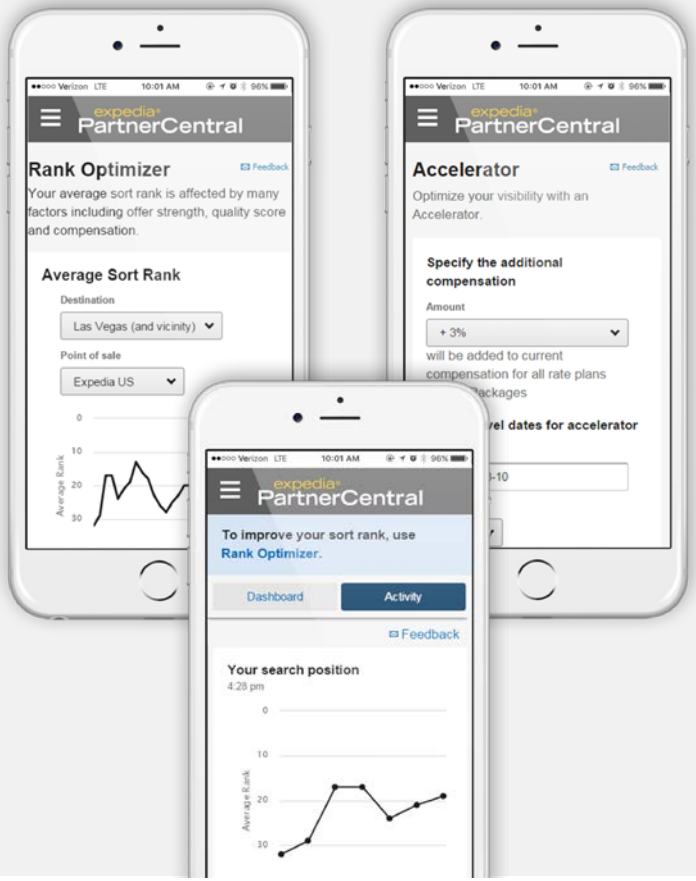
Partner-facing



Customer-facing

Accelerator

Allows hoteliers the flexibility to bid towards a better sort rank when more visibility is desired



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
~$40B gross bookings

ORBITZ
CheapTickets
travelocity
wotif group
Expedia Local Expert
hotwire

Hotels.com

A leading hotel specialist globally, in 65+ countries

Lodging
~$14B gross bookings

Expedia Affiliate Network
venere.com

EGENCIA
BUSINESS TRAVEL · EXPEDIA, INC.

A leader in global corporate travel, in 65 countries

Corporate travel
~$5B gross bookings

ORBITZ FOR BUSINESS

HomeAway

Global vacation rental marketplace, in 8 countries

Vacation rentals
~$500M revenue[1]

VRBO
Abritel
stayz
OwnersDirect
Homelidays
BedandBreakfast.com

trivago

A leading hotel metasearch company, in 55 countries

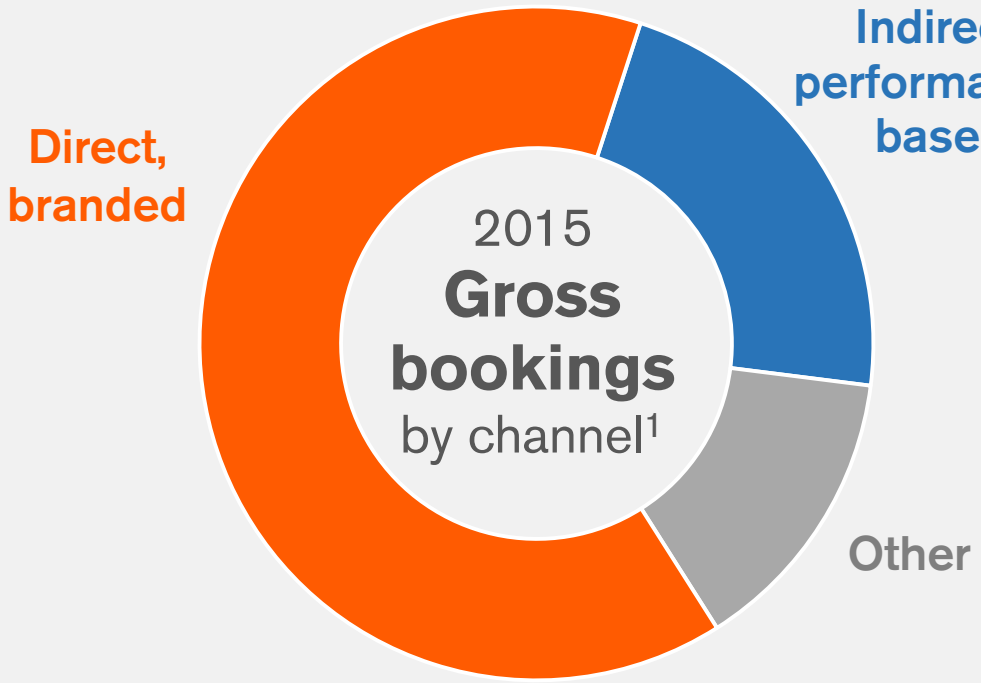
Metasearch
~$550M revenue[2]

Expedia, Inc. supply & ecommerce platform

Notes: All stats shown as of 2015. [1]HomeAway 2015 revenue includes results prior to Expedia's December 2015 acquisition. [2]trivago revenue includes intercompany and is a non-GAAP measure; refer to Appendix for non-GAAP to GAAP reconciliation.

Large, diversified traffic channels across geographies

Vast majority of Expedia's bookings generated through direct & branded channels

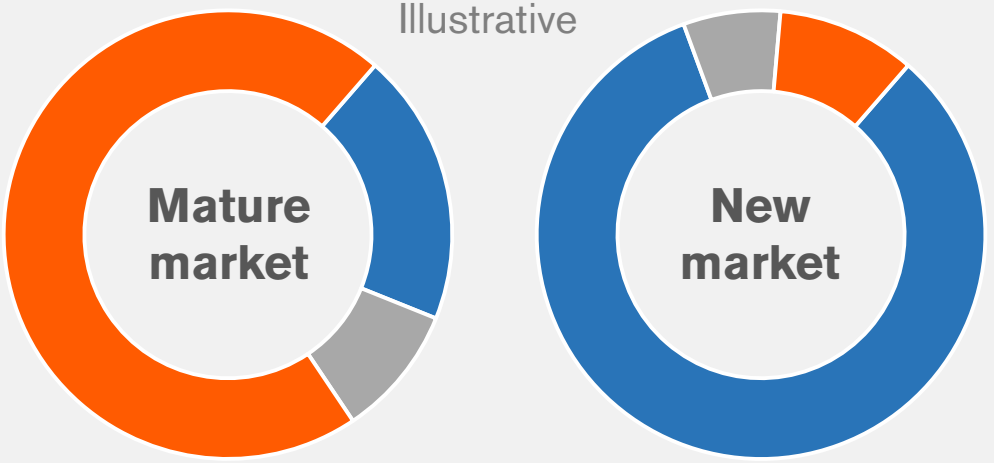


Expedia
95M+
unique monthly visitors[2]

Hotels.com
50M+
unique monthly visitors[2]

trivago
120M+
monthly visits[2]

Illustrative



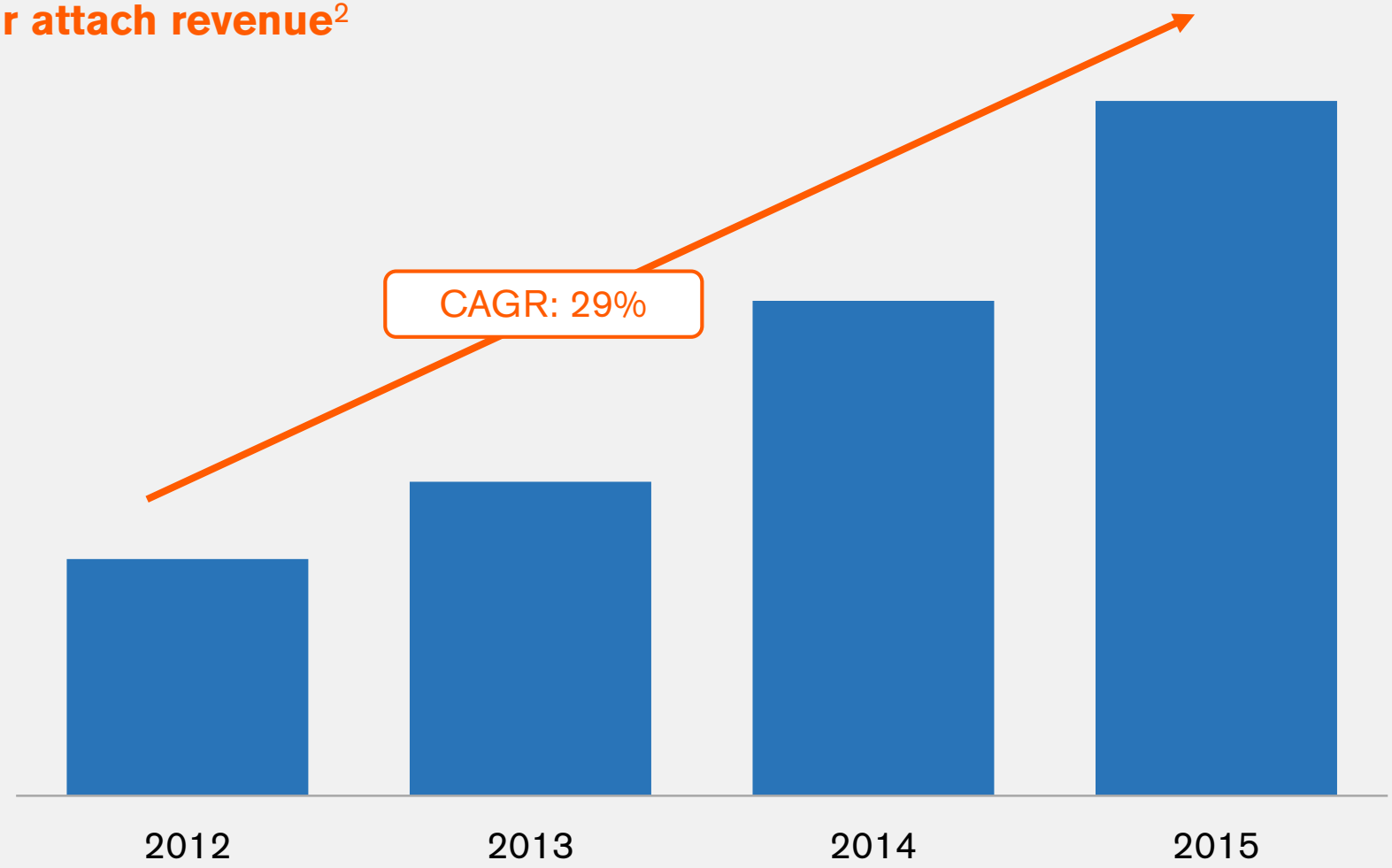
Notes: [1]Overall channel mix based on Brand Expedia and Hotels.com in 2015. Direct & branded channels include direct type-in, email, mobile apps, SEO and branded SEM. Indirect & performance-based channels include unbranded SEM and metasearch. Other includes affiliates/direct partners, intercompany, offline, online advertising, social media and others. [2]Average number of visitors per month in 2015 shown.

Air shoppers drive growth opportunities across product categories

55M
monthly air shoppers[1]

8.6B
annual air searches[1]

Air attach revenue[2]



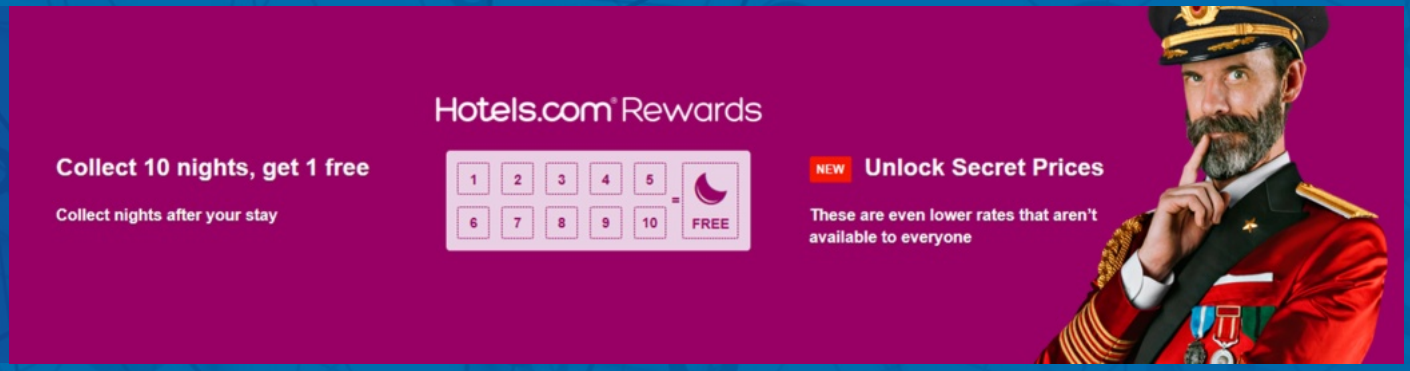
Notes: [1]Monthly air shoppers and annual air searches shown for 2015. [2]Air attach revenue shown for Brand Expedia, excluding AirAsia joint venture.

Expedia loyalty programs drive repeat & create competitive differentiation

expedia inc.

Hotels.com® Rewards

- 20M members
- Available in 65+ countries



Expedia+

- 12M+ members
- Available in 29 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

- ~6M members
- Nearly 1 in 5 members redeem Orbucks within 1 week of earning



Notes: All metrics provided are as of 12/31/15.

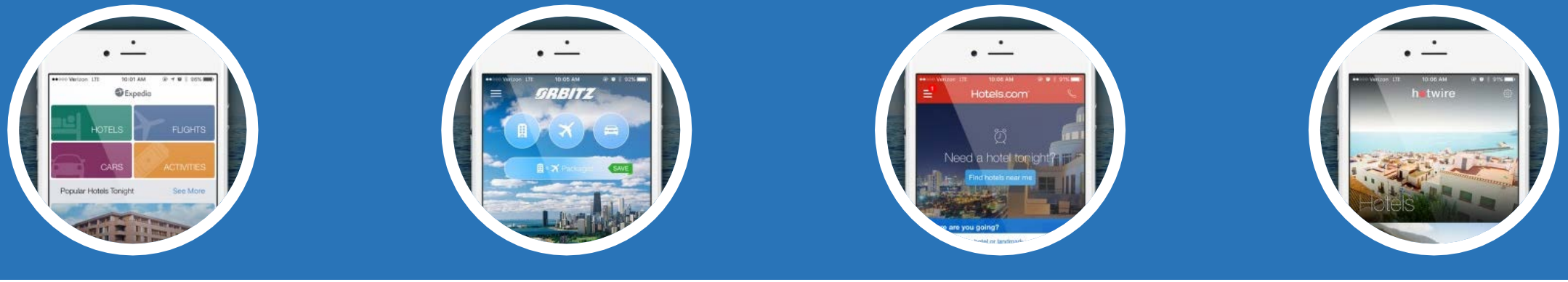
Investments in mobile drive growth & engagement

130M+
cumulative app downloads[1]

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

Over
40% of traffic
arrives via mobile[3]

Cross-device shopping
55% of travelers use 2 or more devices[4]

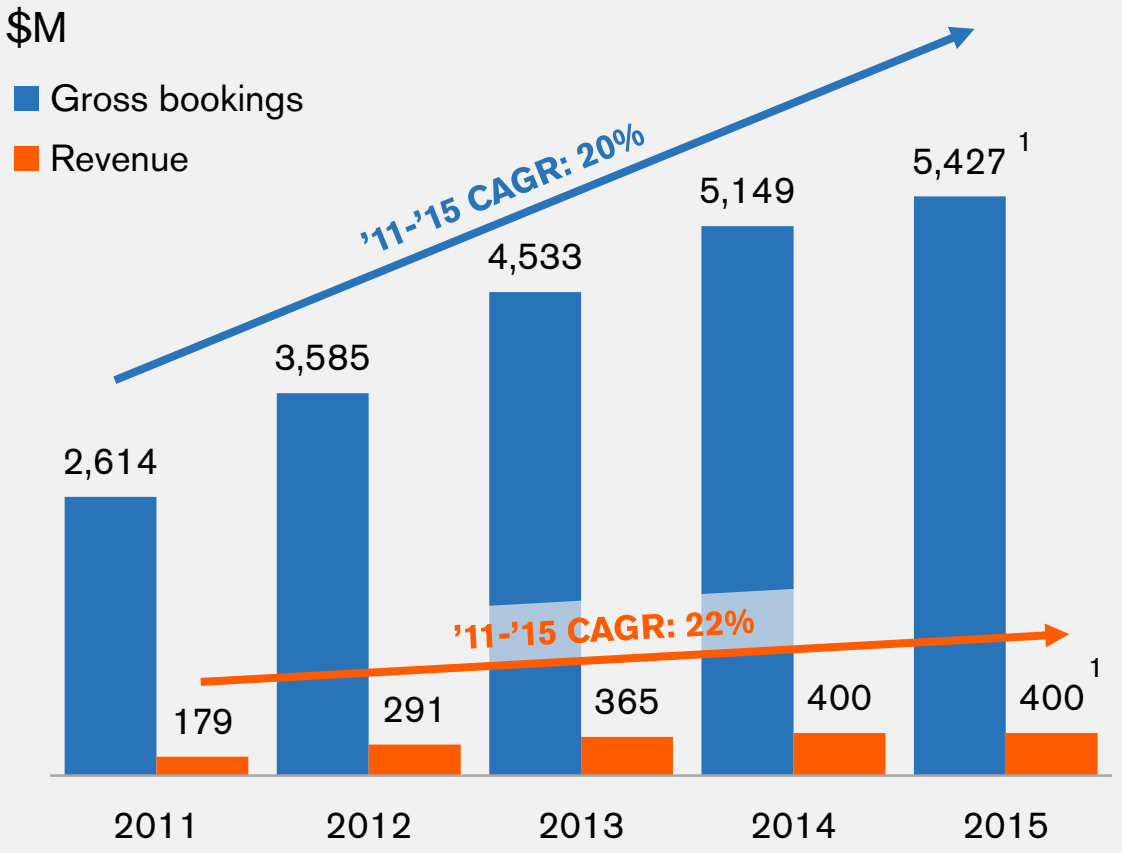


Notes: [1]Cumulative app downloads as of 12/31/15 for all Expedia, Inc. brands. [2]Brand Expedia average over 2015. [3]Mobile traffic stat based on Brand Expedia, Hotels.com, Travelocity and Orbitz mobile traffic in Q4 2015. [4]Based on Brand Expedia transactions in December 2015.

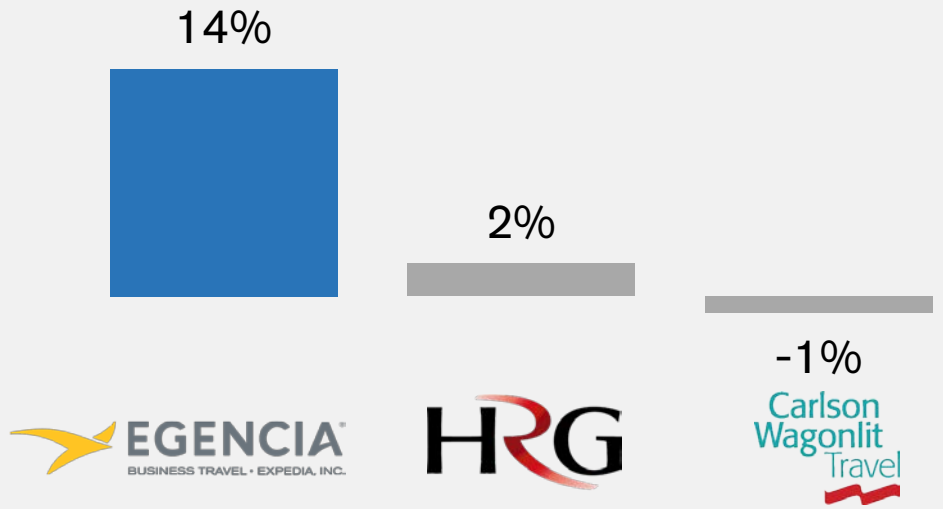
Egencia is 5th largest corporate travel company in the world

Consistently taking share; growing faster than competitors

Gross bookings and revenue



Transaction growth[2]



- 13M car, hotel and air reservations
- 1M+ active corporate travelers
- $1B+ in new sales per year

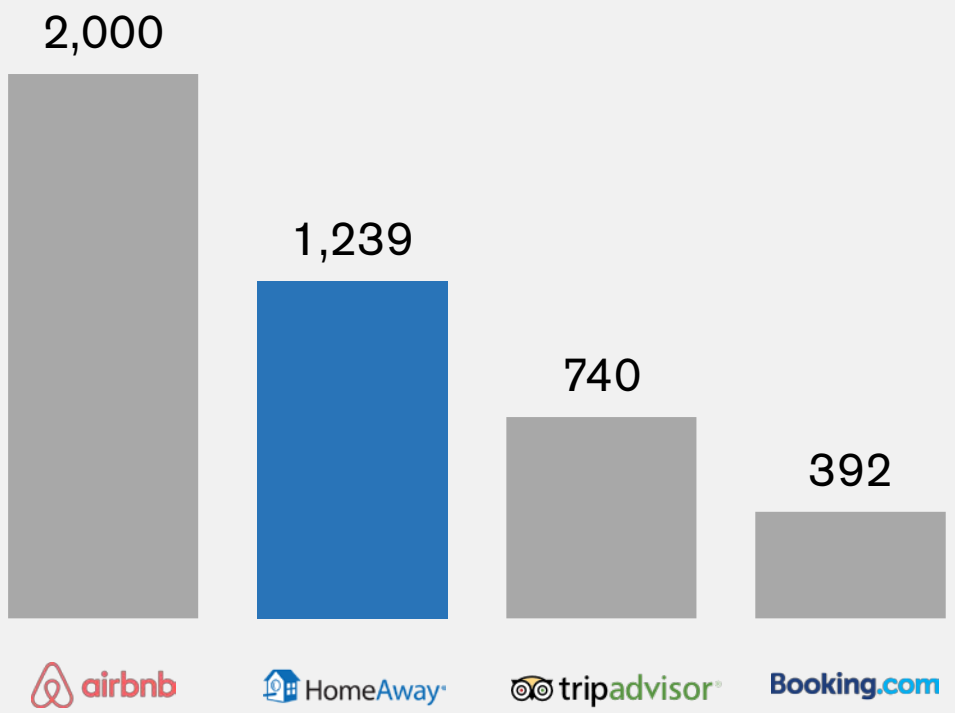
Notes: All stats reflect 2015 results, unless otherwise noted. [1]FX-neutral 2015 gross bookings of $6,005M and revenue of $453M. [2]Hogg Robinson Group transaction growth from April to September 2015; Egencia and Carlson Wagonlit shown for 2015.
Sources: Hogg Robinson Group Half-Yearly Financial Report 2015/16 (November 2015); *The Beat* report "Energy Sector Dings CWT Sales, Transaction Volumes In 2015" (February 2016).

HomeAway is a world leader in vacation rentals

$100B market opportunity[1]

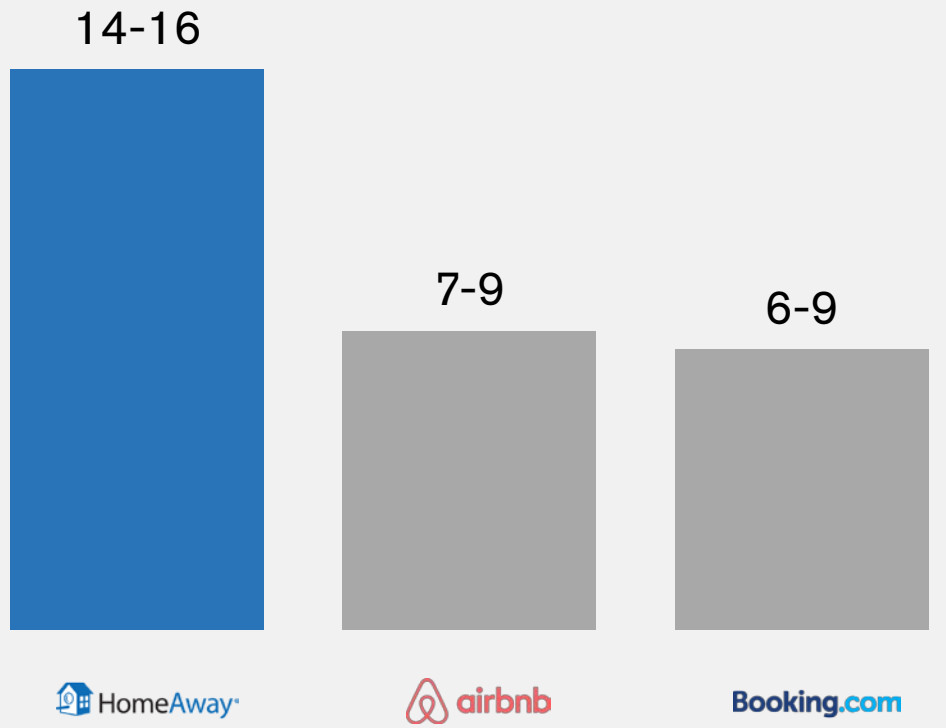
Leading portfolio

Alternative accommodation listings (thousands)[2]



Driving volume

Estimated annual vacation rental gross bookings ($B)[3]



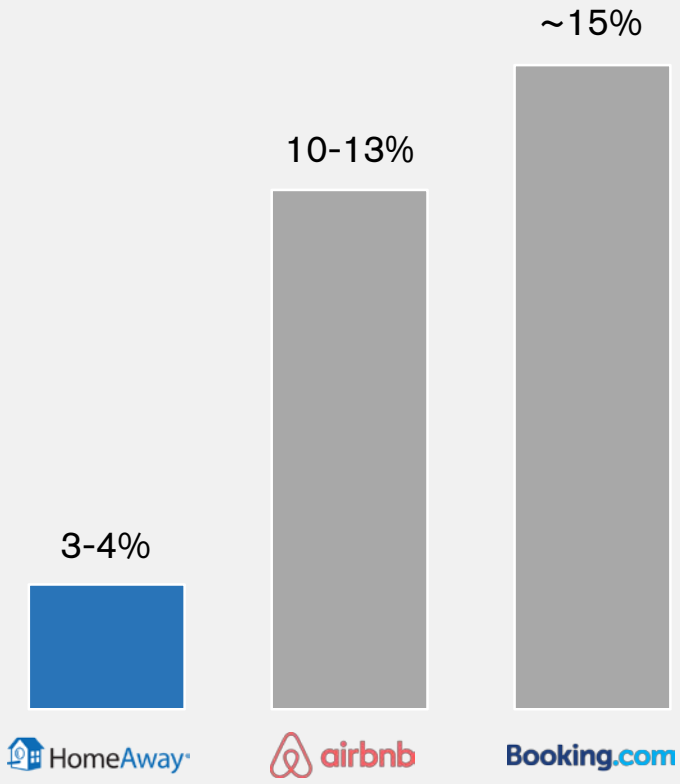
Sources: [1]$100B market opportunity per Piper Jaffray (March 2015). [2]Property counts per company websites after 12/31/15. [3]Airbnb and Booking.com 2015 gross booking data per Cowen & Company (November 2015 and February 2016) and Deutsche Bank (June 2015).

HomeAway transition progressing

Adjusted EBITDA target of $350M by 2018

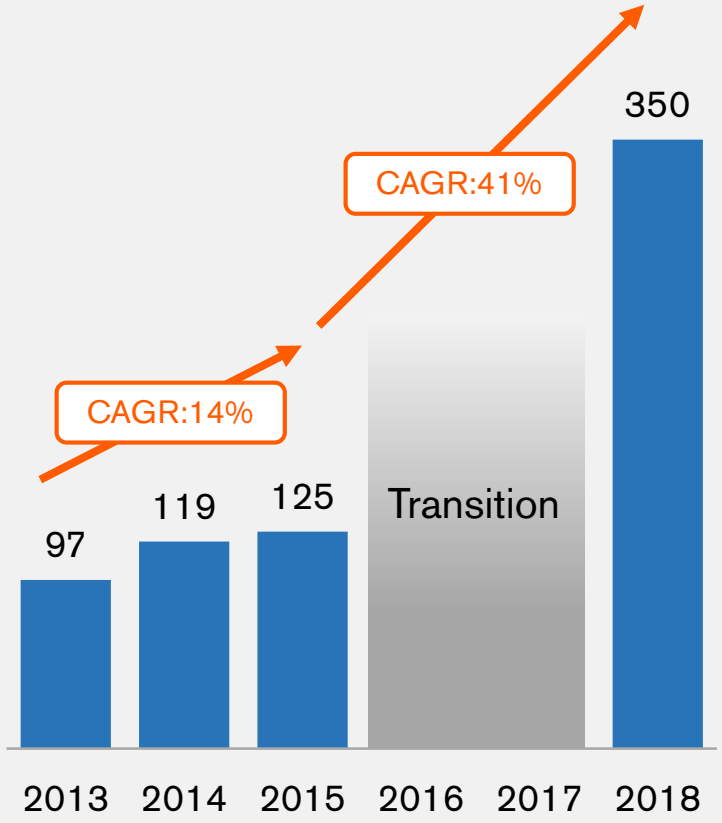
Undermonetized

Take rate[1]



Adjusted EBITDA

$M



Opportunity unlocked by introduction of:

- **Traveler fee**
  Launched February 2016, ahead of schedule
- **Increased focus on product & technology**
- **Strong reinvestment into sales and marketing to drive top line growth**

Notes: HomeAway data based on internal estimates. HomeAway was acquired in December 2015; therefore it had no impact on Expedia, Inc.'s results prior to that date, for which EBITDA amounts were also calculated based on net income as opposed to operating income. For 2018 HomeAway adjusted EBITDA target, the adjustments to the most directly comparable GAAP measure pertain to events that have not yet occurred and are not currently possible to estimate with a reasonable degree of accuracy. Therefore, a reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis. The Company's management does not itself, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Sources: [1]Airbnb and Booking.com 2015 take rate data per Cowen & Company (November 2015 and February 2016) and Deutsche Bank (June 2015).

trivago: brand led innovative hotel search leader

Proprietary innovative approach to TV advertising



100% focused on the best lodging search experience

1M+ hotels

Prices compared across 250+ booking sites and 100+ hotel chains

Presence in 55+ countries

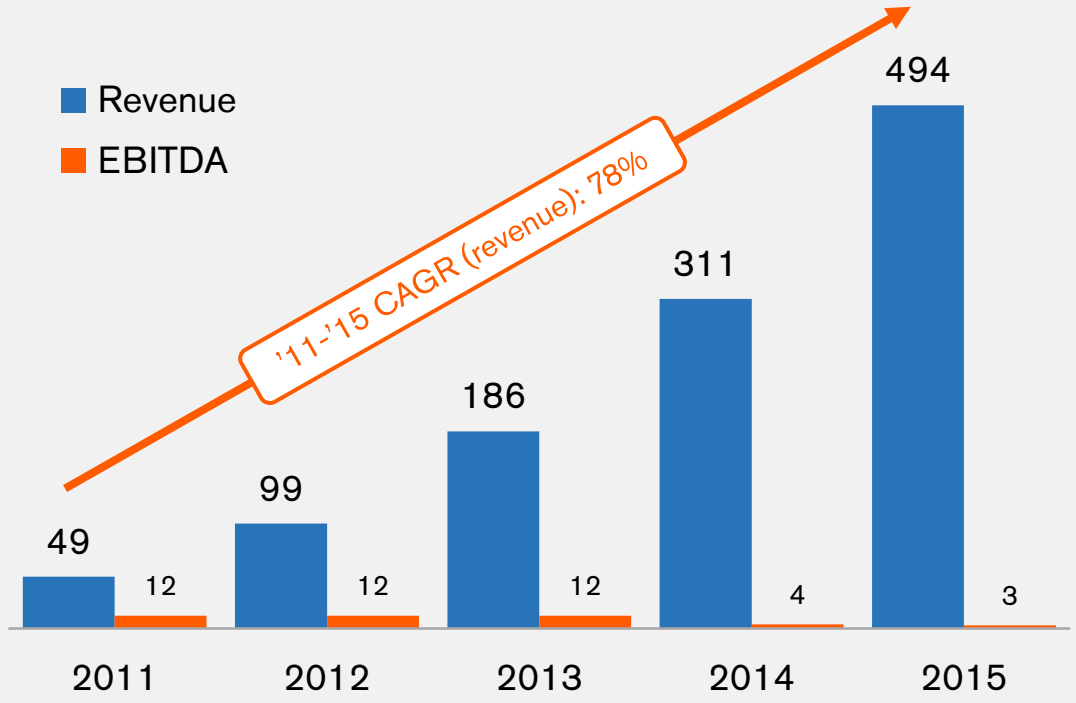
Notes: Stats as of 12/31/15.

trivago growing revenue strongly and investing in global expansion

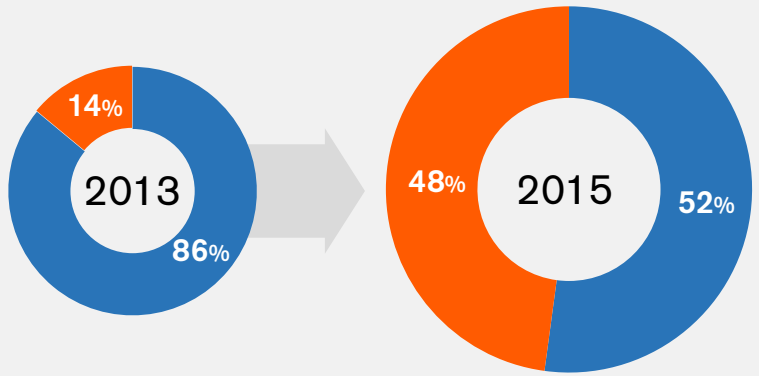
Significant revenue growth driven by investment in sales & marketing

Yearly revenue and EBITDA global[1]

€M



High-margin core markets[2] funding global growth



	Core	Rest of world
Growth rate	+20%	+130%
Contribution margin[3]	25%	~break even
Overhead costs	~10%	

Notes: [1]trivago was acquired in March 2013; therefore it had no impact on Expedia, Inc.'s results prior to that date. trivago revenue and EBITDA for 2011-2013 shown in German GAAP, prior to acquisition; 2014-2015 shown in US GAAP, after acquisition by Expedia, Inc. [2]Core markets are a grouping of trivago's 16 core European markets. Core market and ROW Y/Y growth rates and contribution margins based on 2015 data. [3]Contribution margin is revenue less direct marketing costs.

Expedia, Inc. target P&L

	2013 – 2015[1]	2016 (vs. 2013-2015 baseline)	2018+ (vs. 2013-2015 baseline)
Revenue (Y/Y growth)	18.0%-21.0%	Faster	Healthy growth
Cost of revenue (% of revenue)	18.5%-21.0%	Lower	Lower
Selling & marketing (% of revenue)	44.5%-49.5%	In-line	In-line to higher
Technology & content (% of revenue)	7.5%-8.5%	Higher	In-line
General & administrative (% of revenue)	6.5%-7.0%	In-line to lower	Lower
Adjusted EBITDA (% of revenue)	17.5%-19.5%	In-line	In-line to higher
Capital expenditures[2] (% of revenue)	5.5%-8.5%	Higher	In-line to lower

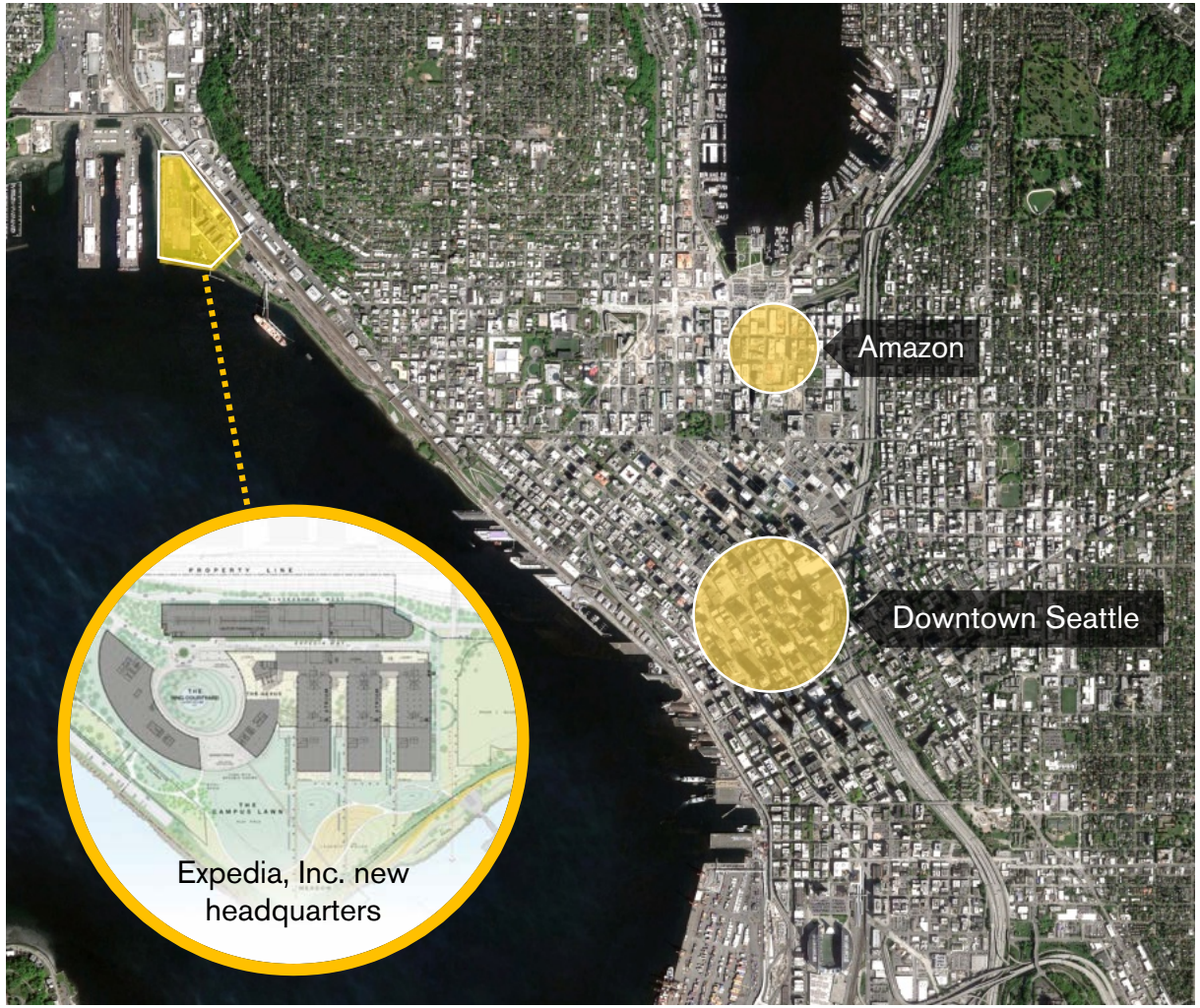
2018+ target P&L key considerations

Healthy top-line growth driven by solid unit growth with stabilized unit economics in Core OTA, bolstered by continued strength in ad & media and HomeAway shift to transaction model

Leverage on cost of revenue and fixed costs enables aggressive selling & marketing spend and potential for adjusted EBITDA margin expansion

Notes: [1]2013-2015 percentages rounded to nearest 50 basis points. Categories shown are excluding eLong, and are adjusted to exclude stock-based compensation and depreciation. [2]Capital expenditures excludes Seattle HQ.

Expedia, Inc. new Seattle headquarters:
Building for the future



Key facts

- 40 acres on Seattle waterfront
- Initial build out of ~1.2M sq. ft. of office space
- Seeking permits for future expansion capacity of additional ~730K sq. ft.
- Construction planned to begin in late 2016

Benefits

- Brings all Seattle area employees onto a single, unified campus
- Helps attract and retain key talent
- Ample room to accommodate long-term growth

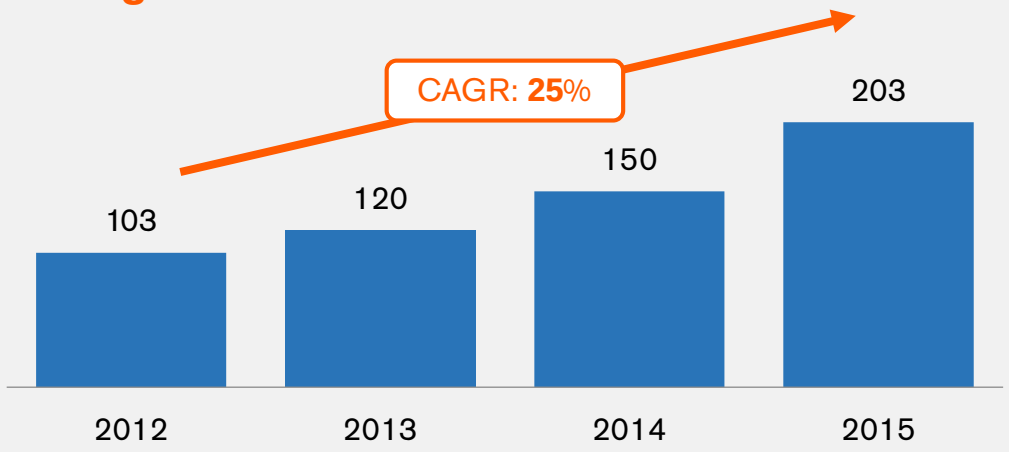
Financial considerations

- Standard technology campus building cost
- Total build expenditure $1B-$1.2B through 2019, with most significant activity in 2017 and 2018
- Valuable asset in attractive location

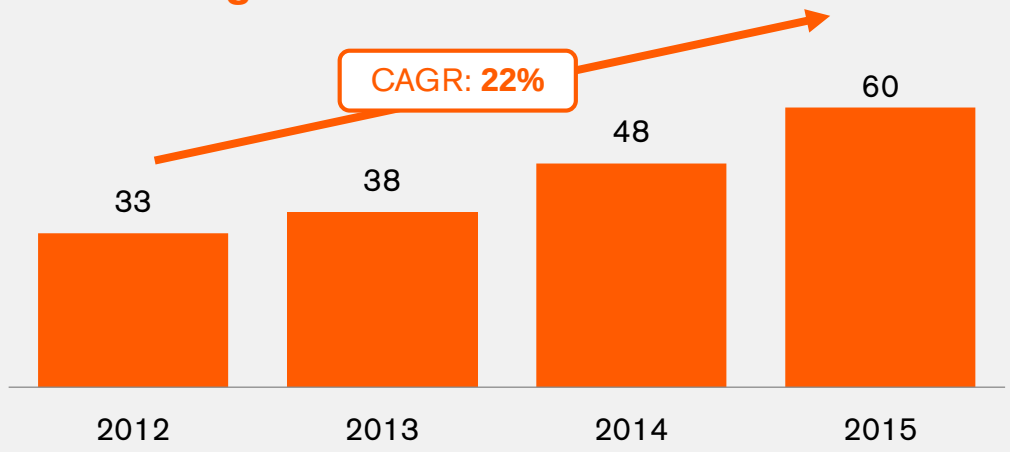
Sources: Images courtesy of Bohlin Cywinski Jackson.

Consistent financial execution

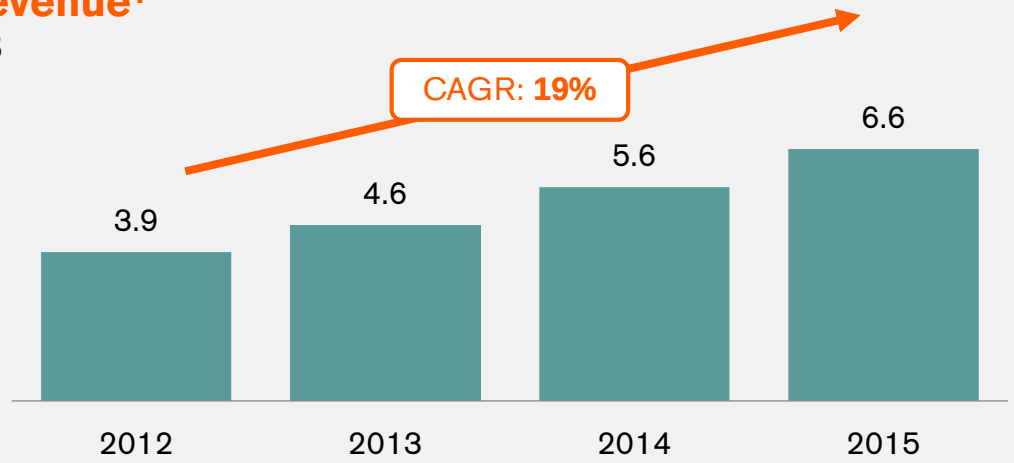
Room nights
M



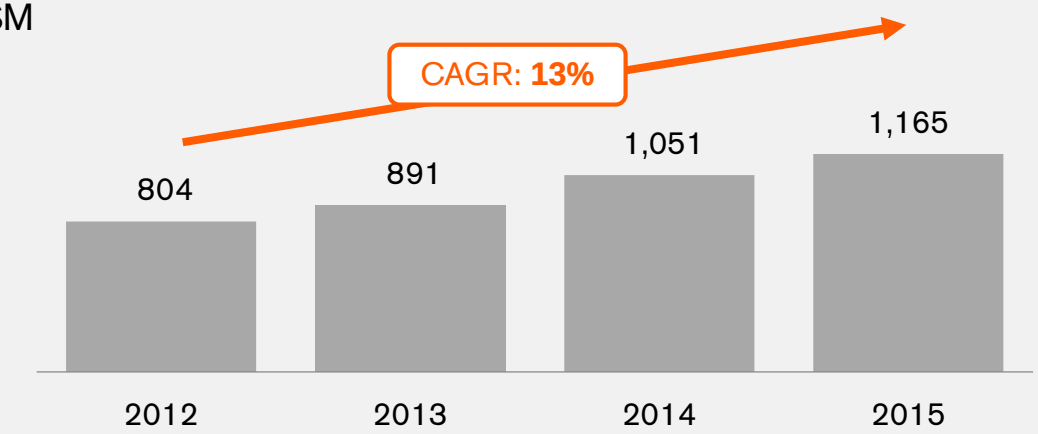
Gross bookings
$B



Revenue[1]
$B

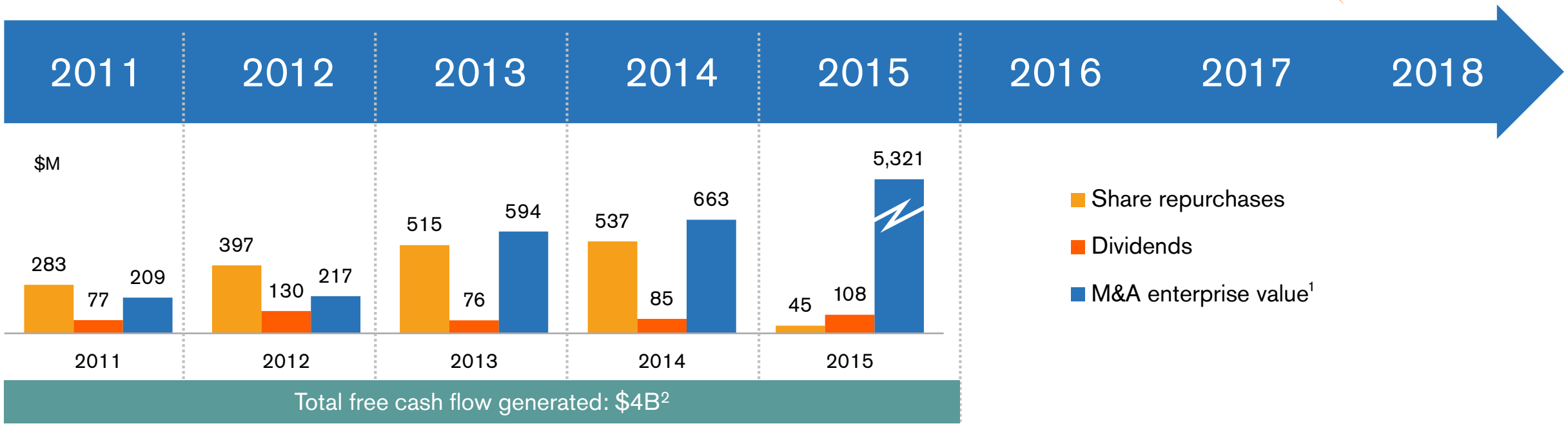


Adjusted EBITDA[1]
$M



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, $9B value today[3])

tripadvisor

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 – 2015

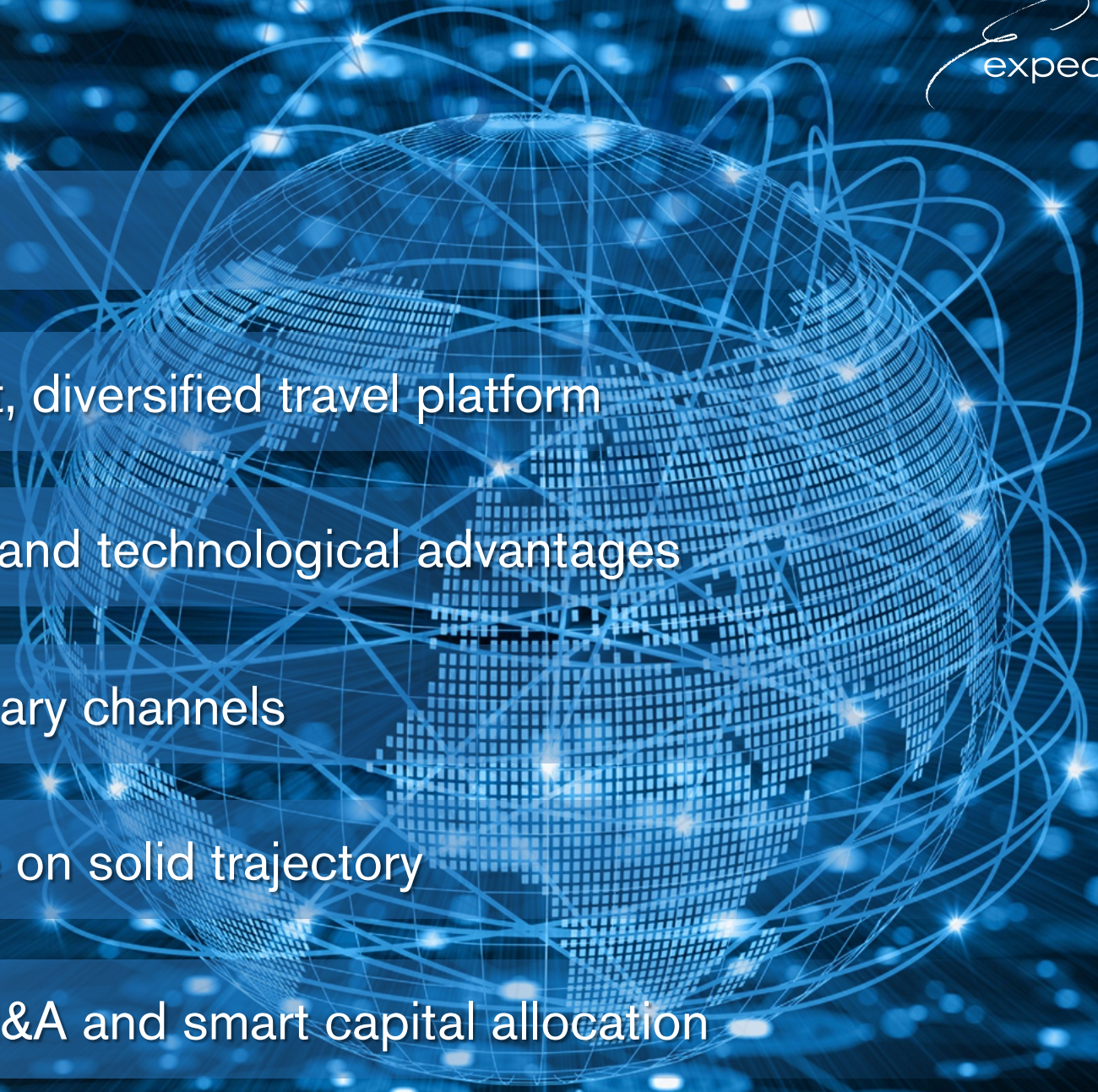
- Solid financial performance
- Strategic investments in hotel margins & supply footprint
- Significant strategic M&A
- $0.6B share repurchases

2016 – 2018 expectations

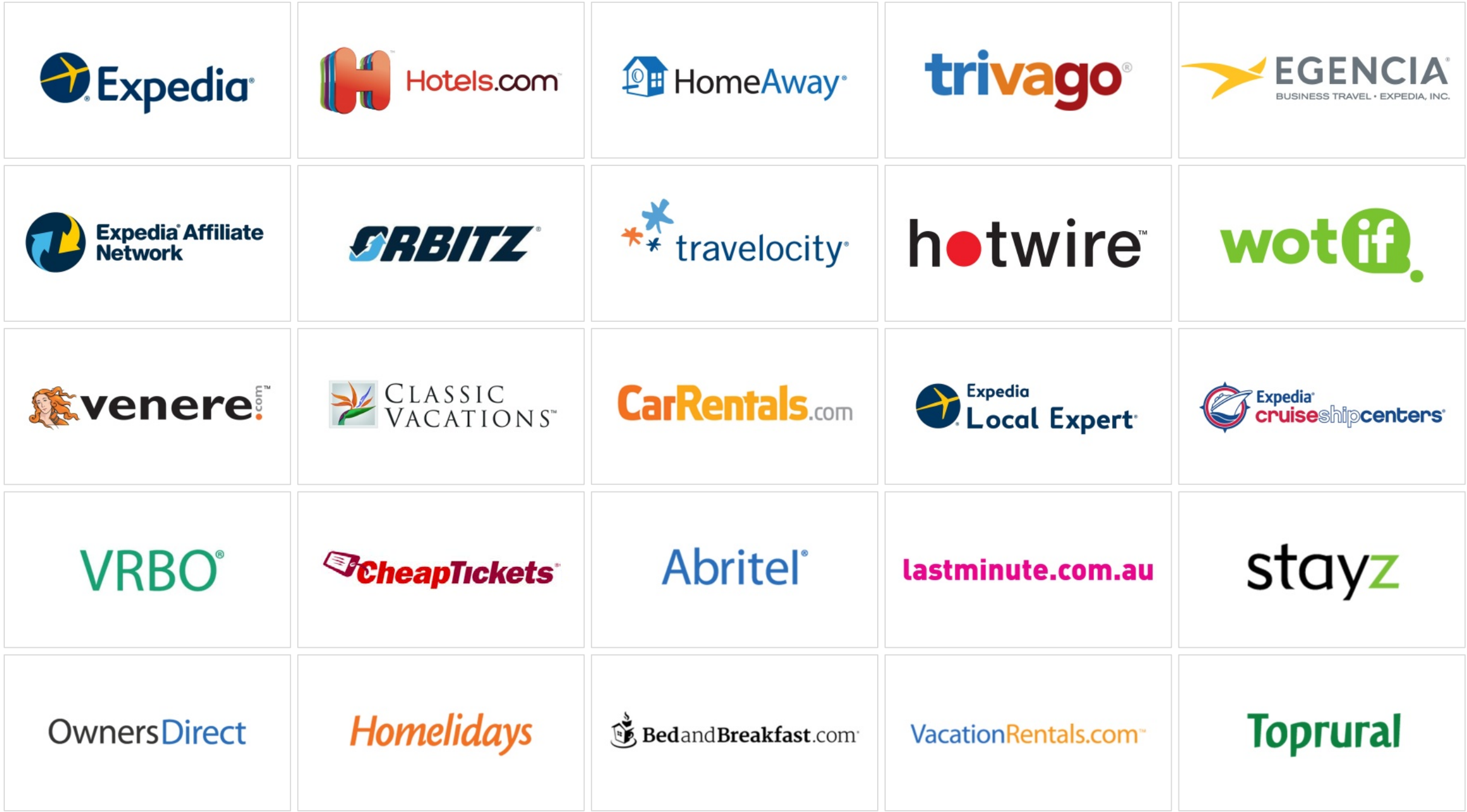
- Continued solid financial performance
- Realization of Orbitz synergies and HomeAway transition upside
- Balanced capital allocation:
  - Opportunistic M&A
  - Share repurchases
  - Dividends

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 3/11/16.

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


Expedia
Hotels.com
HomeAway
trivago
EGENCIA
BUSINESS TRAVEL • EXPEDIA, INC.
Expedia Affiliate Network
ORBITZ
travelocity
hotwire
wotif
venere.com
CLASSIC VACATIONS
CarRentals.com
Expedia Local Expert
Expedia cruiseshipcenters
VRBO
CheapTickets
Abritel
lastminute.com.au
stayz
OwnersDirect
Homelidays
BedandBreakfast.com
VacationRentals.com
Toprural



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
Core OTA revenue	$3,621	$4,069	$4,905	$5,877
trivago revenue	-	216	414	548
Egencia revenue	291	365	400	400
HomeAway revenue	-	-	-	20
Intercompany eliminations	-	(43)	(133)	(215)
Revenue excluding eLong	**$3,912**	**$4,607**	**$5,585**	**$6,631**
eLong revenue	118	164	178	42
Revenue attributable to Expedia, Inc.	**$4,030**	**$4,771**	**$5,763**	**$6,672**

Notes: Numbers may not sum due to rounding.

Non-GAAP / GAAP reconciliation:

Adjusted EBITDA

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

Notes: Numbers may not sum due to rounding.

Non-GAAP / GAAP reconciliation:
trivago revenue & adjusted EBITDA

Millions	2014	2015
trivago revenue in euros	€311	€494
Exchange rate	1.33	1.11
trivago revenue in USD	**$414**	**$548**

Millions	2014	2015
trivago adjusted EBITDA in euros	€4	€3
Exchange rate	1.33	1.11
trivago adjusted EBITDA in USD	**$4**	**$3**

Notes: Numbers may not sum/calculate due to rounding.

Non-GAAP / GAAP reconciliation:
Free cash flow

$ Millions	2011	2012	2013	2014	2015	TOTAL
Cash provided by operations	$826	$1,237	$763	$1,367	$1,368	$5,561
Capital expenditures	(208)	(236)	(309)	(328)	(787)	(1,868)
Free cash flow	$618	$1,001	$455	$1,039	$581	$3,694

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

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

$ Millions	2015
Direct selling & marketing expense	$2,676
Indirect selling & marketing expense	606
Total adjusted selling & marketing expense	**$3,282**
Stock-based compensation	33
Depreciation	12
eLong	54
Selling & marketing expense attributable to Expedia, Inc.	**$3,381**

Notes: Numbers may not sum due to rounding.

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

$ Millions	2015
Total adjusted technology & content expense	$528
Stock-based compensation	27
Depreciation	265
eLong	10
Technology & content expense attributable to Expedia, Inc.	**$830**

Notes: Numbers may not sum due to rounding.