



## Company Overview

*Q2 2009*

# 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 September 11, 2009, 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" 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; and the integration of current and acquired businesses; and other risks detailed in Expedia, Inc.'s public filings with the SEC, including Expedia, Inc.'s annual report on Form 10-K for the year ended December 31, 2008, and subsequent quarterly reports on Form 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 B.*

# Global Opportunity

Sources: U.S. Online Travel Overview 8<sup>th</sup> Edition Update: 2009 – 2010 (April 2009); U.S. Corporate Travel Distribution 4<sup>th</sup> Edition (July 2009); European Online Travel Overview 4<sup>th</sup> Edition Electronic Market Data Sheet (January 2009); European figures assume Euro/USD exchange rate in each period of \$1.40; APAC data - PhoCusWright Asia Pacific Online Travel Overview – Third Edition, August 2009 & EyeForTravel APAC Overview April 2007. APAC data excludes managed travel.

## Figures in \$billions

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 (E)</u>	<u>2010 (E)</u>	<u>CAGR</u> <u>06 - 10</u>
<b>Travel Market Size:</b>						
U.S.	251	264	271	241	236	-2%
Europe	314	332	344	354	367	4%
APAC	238	244	215	202	212	-3%
3 Region Total	803	840	830	797	815	0%



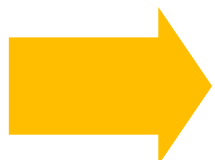
**Sizeable markets**

<b>Online Bookings:</b>						
U.S.	123	138	137	135	139	3%
Europe	73	91	112	132	156	21%
APAC	21	26	31	36	44	20%
3 Region Online	217	255	280	303	339	12%
Europe & APAC	94	117	143	168	200	21%



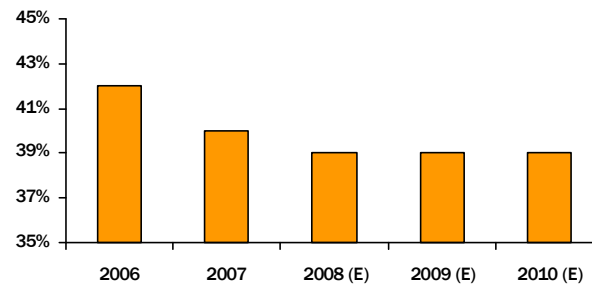
**Rapid online growth**

<b>Online Penetration:</b>						
U.S.	49%	52%	51%	56%	59%	
Europe	23%	27%	33%	37%	43%	
APAC	9%	11%	14%	18%	21%	
3 Region Online Pen.	27%	30%	34%	38%	42%	



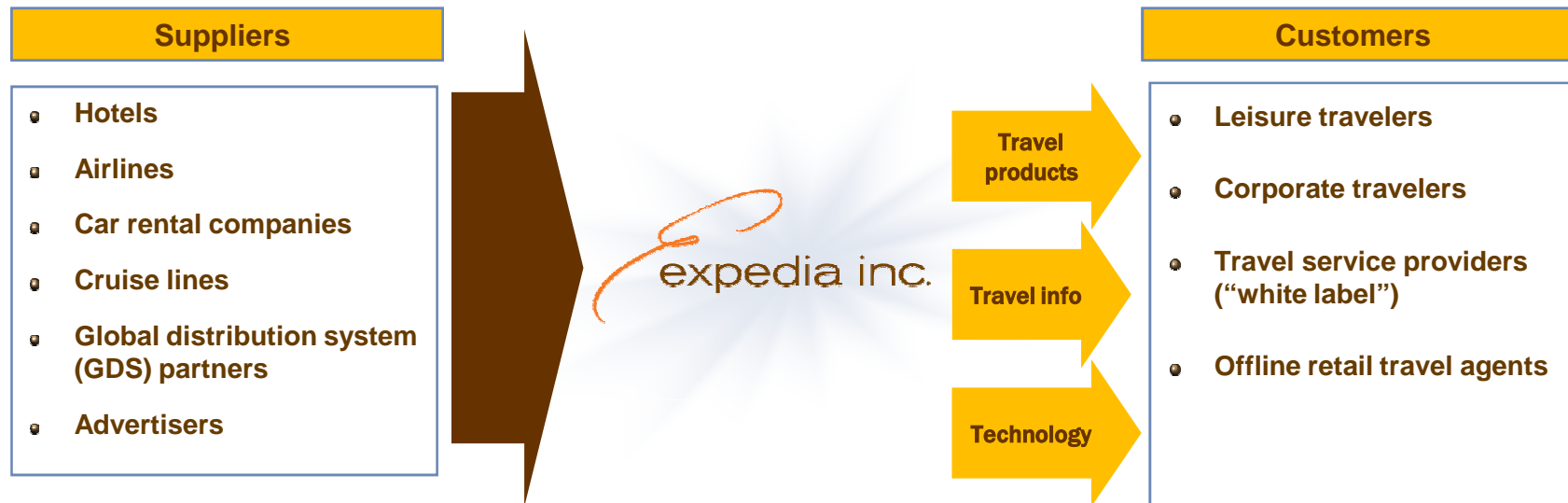
**Penetration tailwind**

## OTA Share of Online Bookings



**OTA share stabilizing**


# World's Largest and Most Intelligent Travel Marketplace





- ✓ Secure superior quality supply & maintain price competitiveness
- ✓ Intelligently match supply & demand
- ✓ Empower and inspire travelers to find and build the right trip
- ✓ Enable suppliers to reach travelers in a unique & value-additive way
- ✓ Aggressively expand our global presence & demand footprint
- ✓ Achieve excellence in technology, people and processes to make quality, consistency and efficiency the foundation of our marketplace


# Expedia - the Travel Sector Leader

## Premier Brand Portfolio

 **Expedia**® #1 Online Travel Agency (OTA) globally, with a presence in 20 countries

 • Leading hotel specialist globally, with a presence in 40+ countries

 • Leading value-based travel provider

 #1 online travel community, operating in North America, Europe & APAC



## Key Statistics<sup>1</sup>

- Traffic (July-09 unique visitors): 68mm
- TTM 6.30.09 number of transactions: 52mm

### TTM (6.30.09)

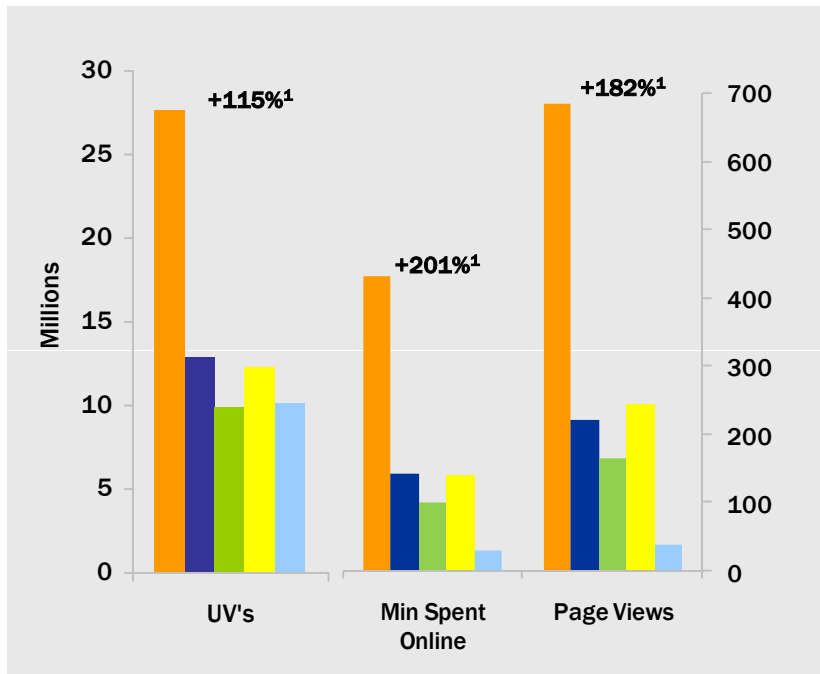
- |                                  |            |                                                |        |
|----------------------------------|------------|------------------------------------------------|--------|
| • Gross bookings:                | \$20,282mm | • Market cap 9.9.09                            | \$6.8B |
| • Revenue:                       | \$ 2,860mm | • Member of S&P 500 & NASDAQ 100 stock indices |        |
| • OIBA <sup>2</sup> :            | \$ 710mm   |                                                |        |
| • Adjusted EBITDA <sup>2</sup> : | \$ 801mm   |                                                |        |

## Global presence & portfolio of category leading brands

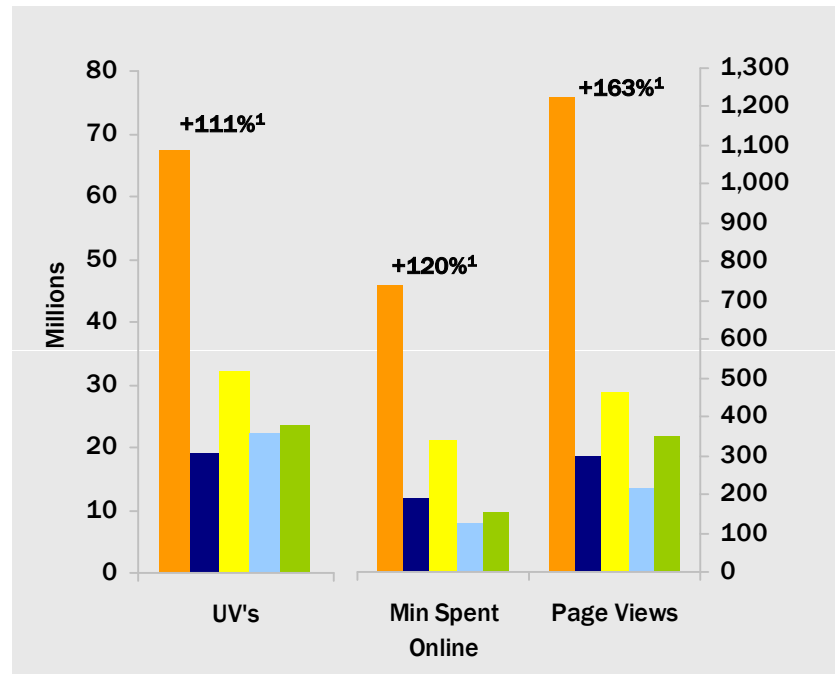
<sup>1</sup>Sources: comScore MediaMetrix, July, 2009 & company data; <sup>2</sup> See Appendix B for reconciliation of non-GAAP to GAAP numbers. Adjusted EBITDA is calculated as operating income plus depreciation, restructuring charges, intangibles amortization, stock-based compensation, any impairments, and certain legal reserves and occupancy tax charges. Adj. EBITDA includes gains/(losses) from revenue hedges.

# Largest Worldwide Audience

## U.S.



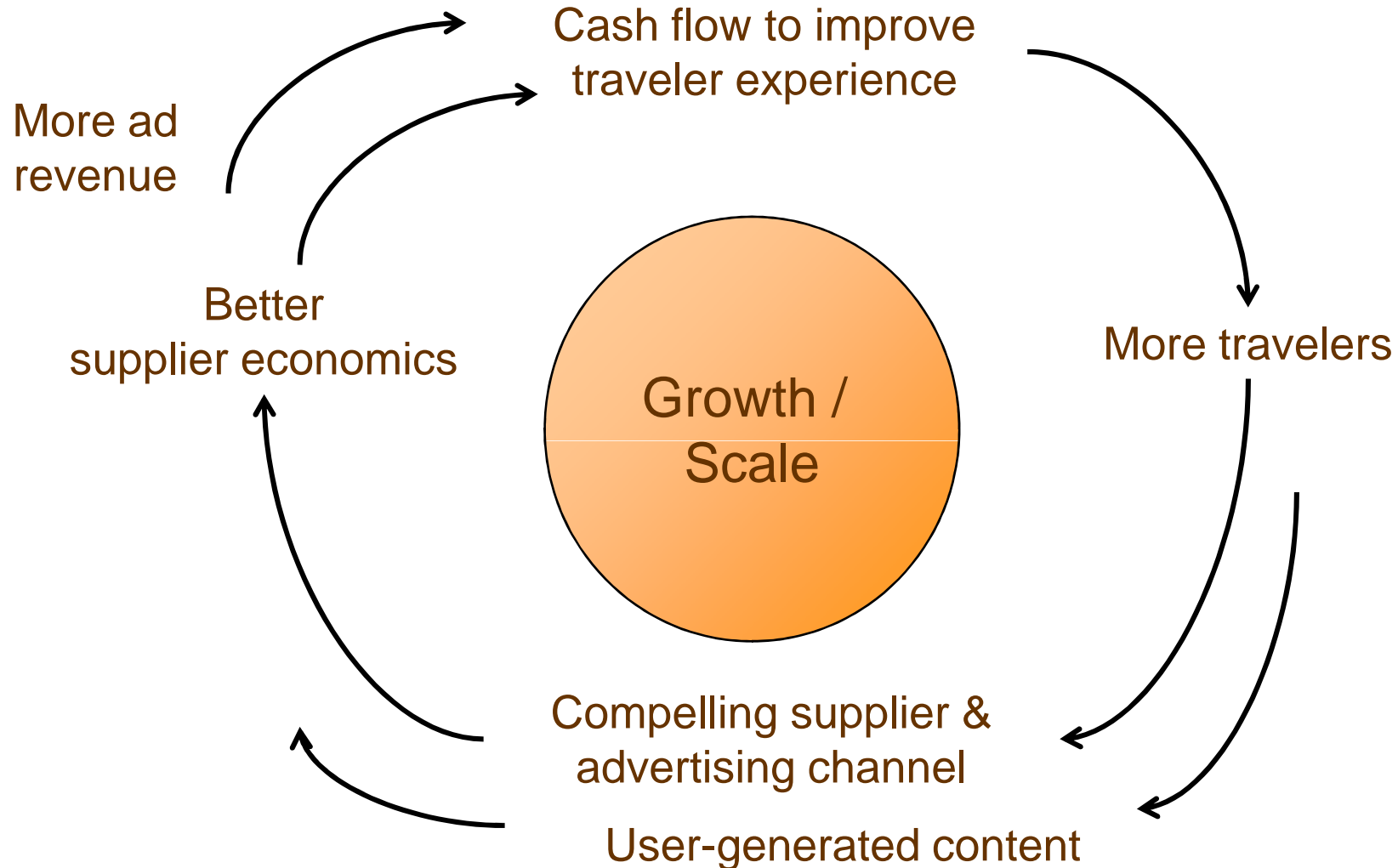
## Worldwide



Source: comScore MediaMetrix, July 2009

<sup>1</sup> Denotes Expedia's percentage difference over next largest competitor

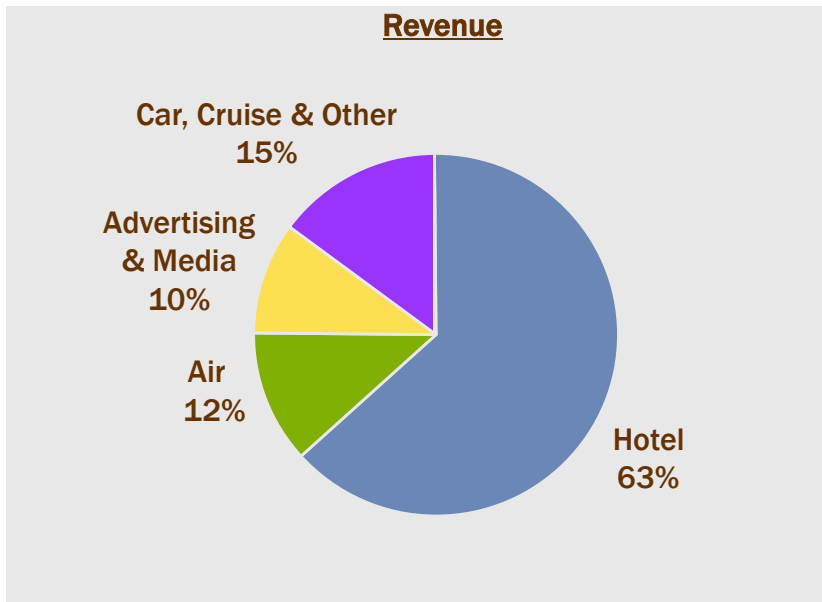
# Expedia's Virtuous Cycle



***Scale drives opportunity to enhance supplier & traveler value propositions, reward stakeholders***

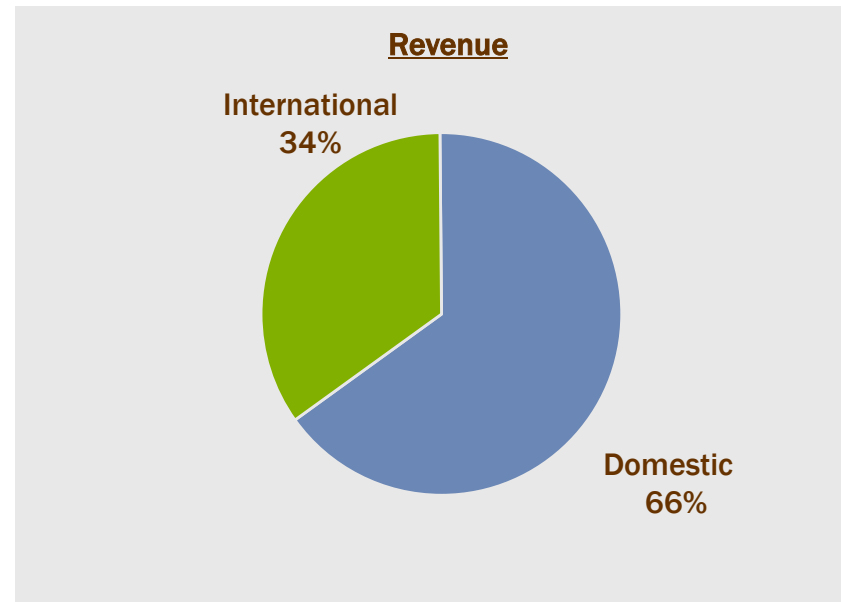
# Revenue by Product & Geography

Product Categories (TTM 6.30.09)



\* Hotel & Advertising - key revenue & profitability drivers

Geographic Segments (TTM 6.30.09)



\* Europe & other international markets benefit from earlier stage online penetration

\* Significant international growth anticipated, with a target of 50+% of total revenue from international

***Business mix shifting to hotel & advertising, increasingly global***



# Product Category - Hotel

## Business Overview

- Merchant hotel
  - Expedia merchant of record with no inventory risk
  - Expedia receives cash upfront from travelers, pays hoteliers several weeks later
  - Some control over pricing, higher margins & ability to package opaquely with other products
  - Typically 1 - 2 year contracts with major chain lodging properties
  - Consultative account management brings industry leading intelligence to hoteliers
- Agency hotel is small but growing in importance w/ acquisition of Venere & introduction of Expedia Easy Manage

## Merchant Model



Sample Expedia Revenue: \$350 night stay at luxury hotel	
Cost to Traveler	\$350
Cost to Expedia	\$280
<b>Revenue to Expedia<sup>1</sup></b>	<b>\$70</b>

<sup>1</sup> Includes service fee and spread

### Revenues to Expedia:

- Spread between the discounted rate provided by suppliers and sales price paid by travelers
- Service fees from travelers

### Other:

- Cash received on booking, revenue recognized at stay
- Revenue margin higher than the agency model

**Reduced E.com service fees beginning Apr-09**

# Product Category - Advertising & Media

## Business Overview

- Two primary businesses –
  - TripAdvisor Media Network (leading global collection of user-generated content sites)
  - Expedia Media Solutions (monetizing global Expedia, Hotels & Hotwire sites beyond transactions)
- TTM 6.30.09 revenue of nearly \$300mm

## Ad & Media Brand Portfolio

Travel supplier advertising on Expedia's ww sites



Reviews with social networking



Search tool for fares



Travel blogs



European holiday reviews



Destination services, hotels & vacation rentals



Editorial info and deals



Cruise reviews & community



UGC seat maps and airline info



Guides and bargains



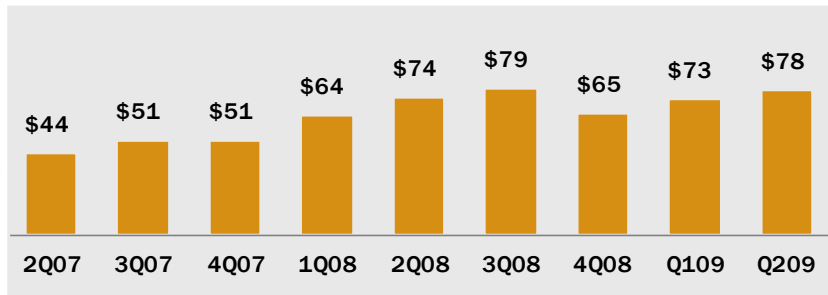
Vacation rental reviews



## Revenue Drivers

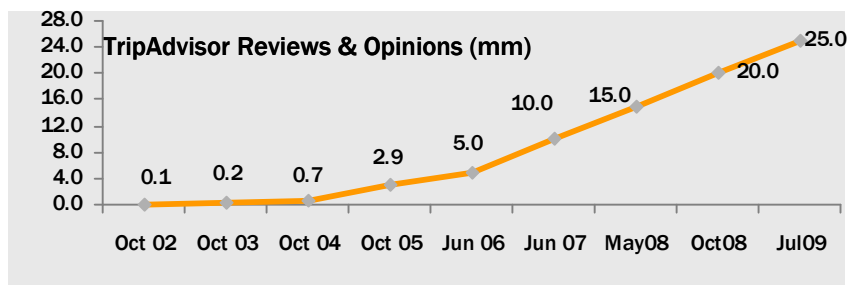
- Offer advertisers targeted audiences
- CPC & CPM based ad models
- TripAdvisor utilizes industry-leading SEM & SEO capabilities
- Robust user-generated content and selection draws in users

## Growth in Quarterly Net Advertising Revenues<sup>1</sup>



<sup>1</sup> Growth due in part to acquisitions

## TripAdvisor Reviews and Opinions - Robust Growth

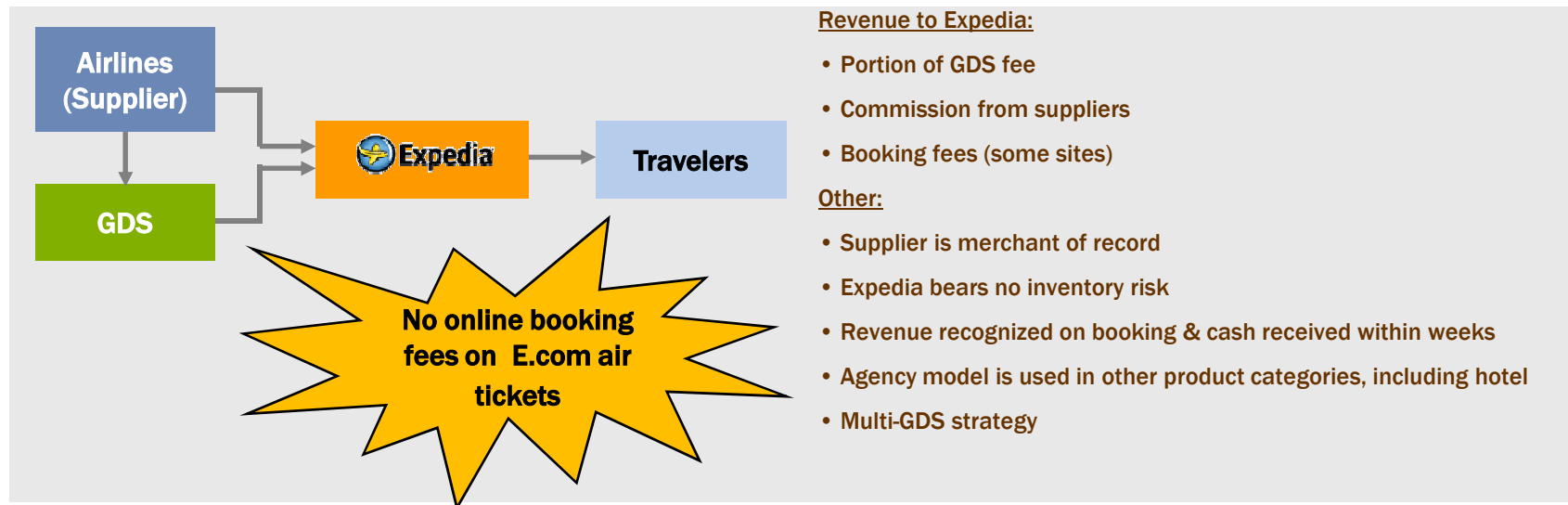


# Product Category - Air

## Business Overview

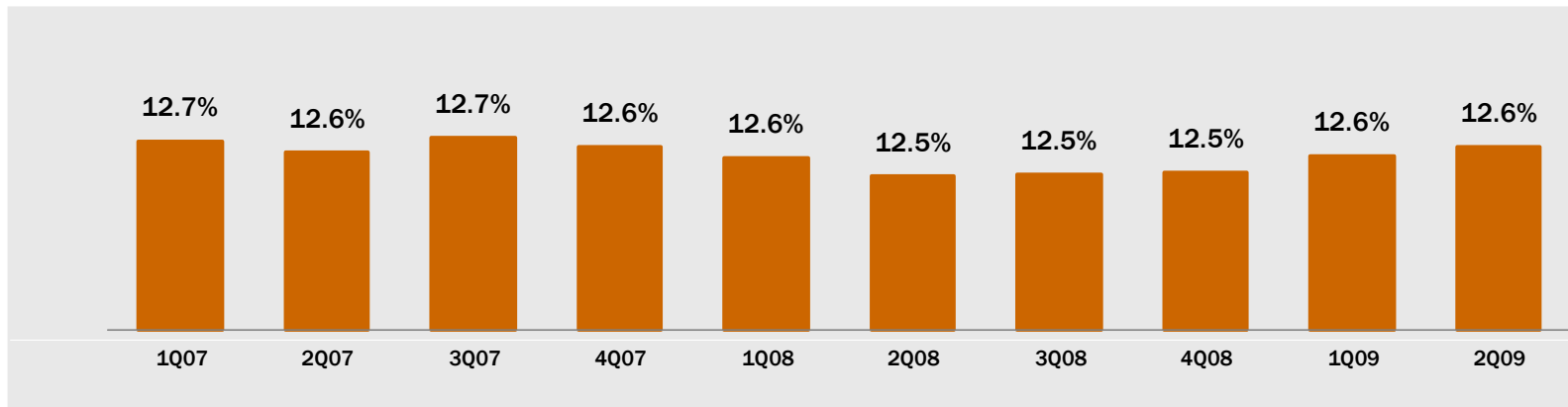
- Air revenue < 15% of Expedia's worldwide annual revenue
  - ~90% of airplane tickets sold over Expedia's online properties are agency transactions, in which Expedia acts as agent on behalf of a supplier and collects a commission
  - Customer pays supplier directly, Expedia collects its remuneration after travel
  - Lower revenue margin v. hotel transactions
- OTAs in the U.S. eliminated most consumer booking fees for air tickets in spring 2009, resulting in reduced air revenue and unit share shift from offline & supplier direct

## Agency Model / Illustrative Transaction



# Stable Supplier Relationships & Economics

Trended Revenue Margin, excluding ad & media revenue (TTM)



- Strong, stable revenue margin driven by:
  - Long-term agreements with airlines and GDS providers
  - Growth in merchant hotel mix offsets fee cut activity
  - Better hotel relationships through PSG investment

***Stabilized revenue margins indicate healthy supplier relationships***

# YTD 2009 Results

\* Excludes stock-based compensation. \*\* OIBA includes gain/(loss) from revenue hedges \*\*\* Adjusted EBITDA is calculated as operating income plus depreciation, restructuring charges, intangibles amortization, stock-based compensation, any impairments and certain legal reserves and occupancy tax charges. Adj. EBITDA includes gains/(losses) from revenue hedges. <sup>1</sup> See Appendix B for reconciliation of non-GAAP to GAAP numbers.

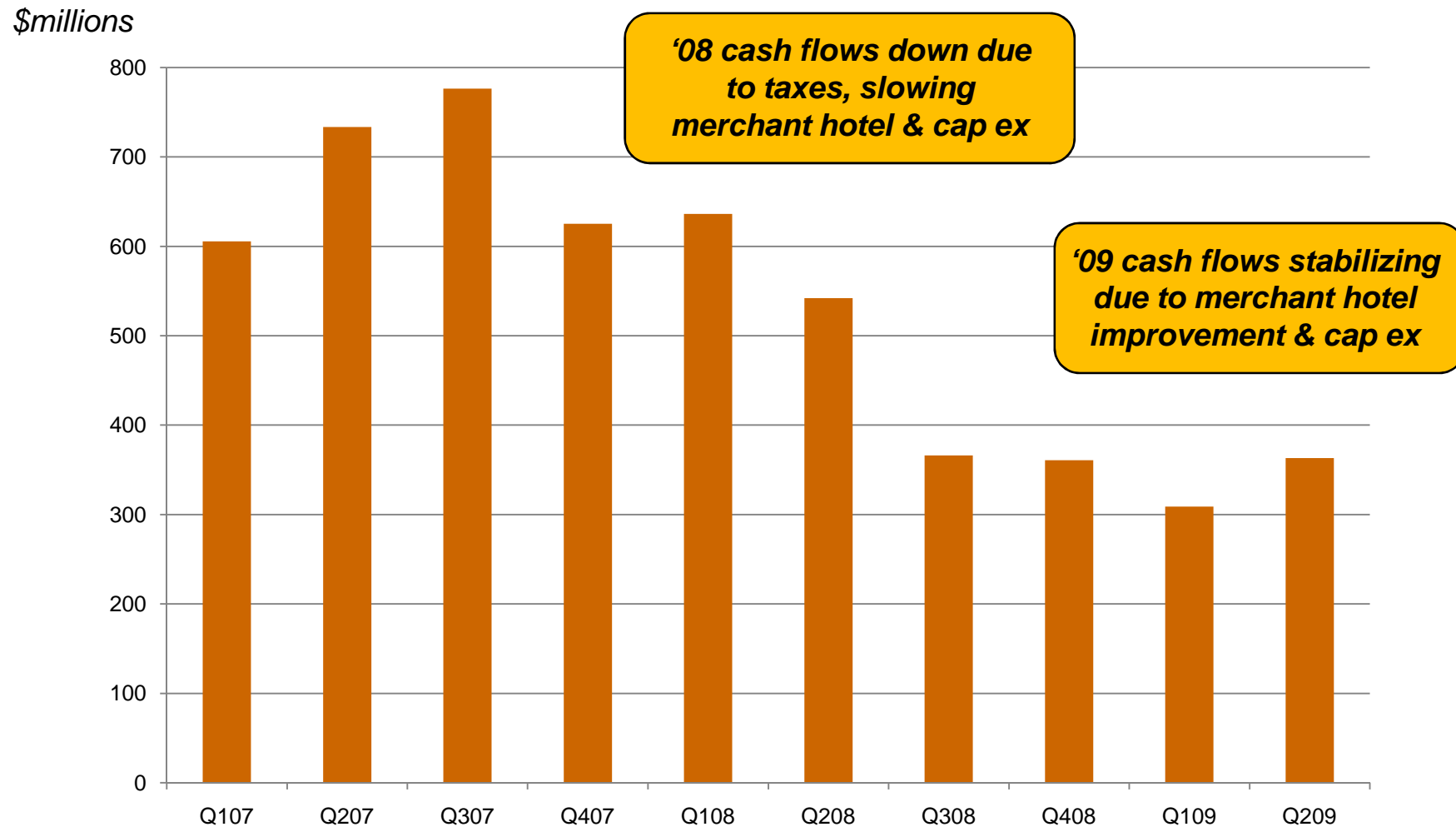
Figures in \$mm unless otherwise noted

	<u>Q209</u>	<u>Q208</u>	<u>y/y</u>	<u>1H09</u>	<u>1H08</u>	<u>y/y</u>
Transactions (mm)	15.3	13.0	18%	28.8	25.6	13%
Gross Bookings	5,623	5,933	(5%)	10,849	11,836	(8%)
Revenue	770	795	(3%)	1,405	1,483	(5%)
Cost of Revenue *	148	169	(12%)	291	321	(9%)
Selling & Marketing *	269	298	(10%)	501	582	(14%)
Tech & Content *	74	68	9%	147	135	9%
General & Administrative *	<u>61</u>	<u>56</u>	8%	<u>120</u>	<u>115</u>	4%
Total Costs & Expenses *	552	591	(7%)	1,059	1,153	(8%)
OIBA <sup>1</sup> **	212	204	4%	342	330	4%
<i>OIBA Margin</i>	28%	26%	+193bps	24%	22%	+210bps
Adjusted EBITDA <sup>1</sup> ***	237	222	7%	392	365	7%
<i>Adj. EBITDA Margin</i>	31%	28%	+285bps	28%	25%	+323bps
Free Cash Flow <sup>1</sup>	324	270	20%	802	800	0%

## Unit Acceleration & Share Gains –

- Q209 room night growth of 26% v. 13% Q109; Q2 US room demand off (8%) per Smith Travel
- Air ticket growth improved to +13% in Q209 v. (4%) Q109; Global RPMs off (7%)

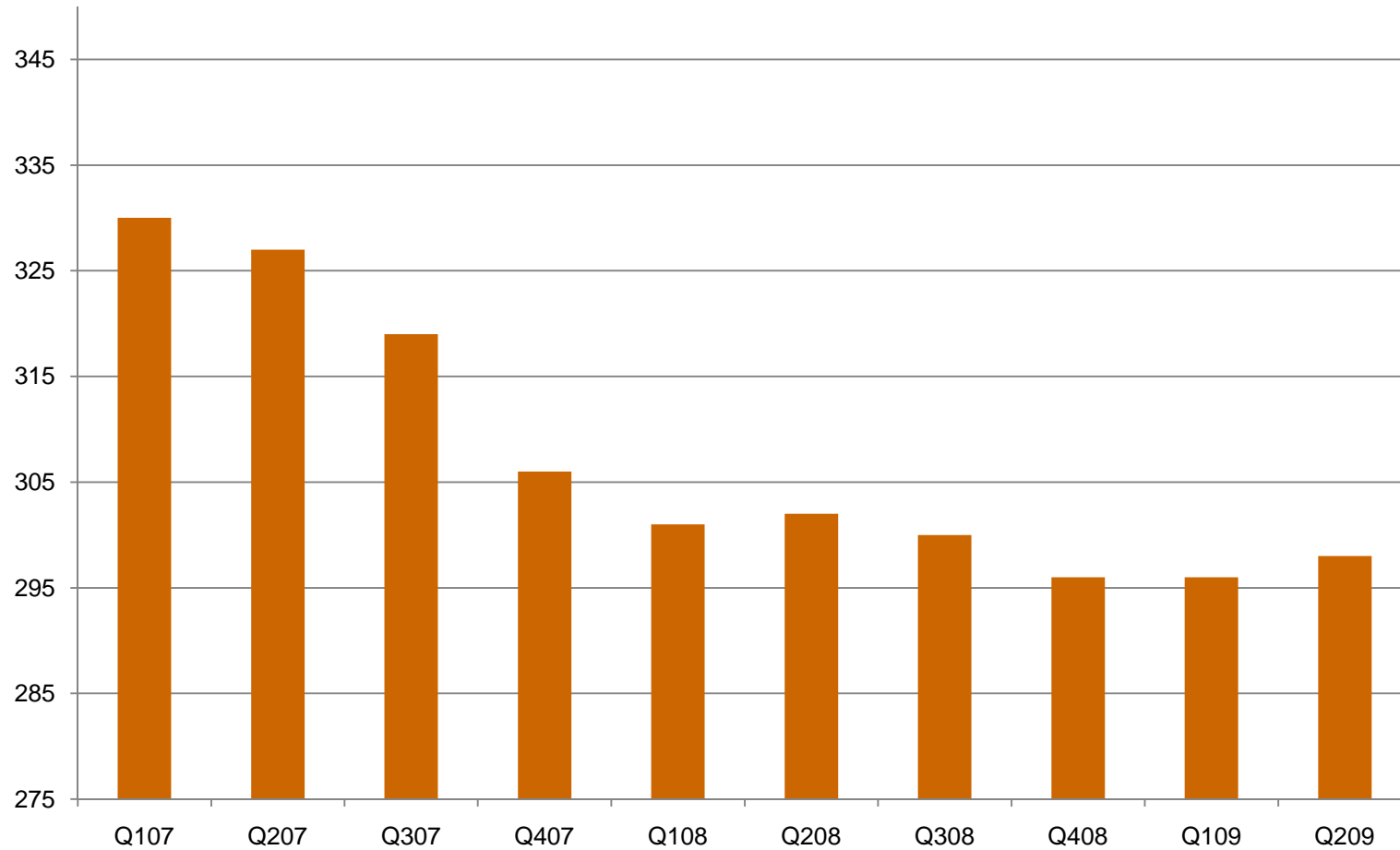
# Trended Free Cash Flow (TTM)



**Over \$2B in free cash flow generated in past 4 years**

# Efficiently Managing Dilution

millions of adjusted diluted shares



**10% reduction in share base since Q107**

# Capitalization

	6/30/2009
Cash and Cash Equivalents <sup>1</sup>	\$862
Revolving Credit Facility <sup>2</sup>	–
7.456% Notes due 2018	500
8.500% Notes due 2016	<u>395</u>
<b>Total Debt</b>	<b>\$895</b>
<b>Net Debt</b>	<b>33</b>
Market Value of Equity <sup>3</sup>	6,847
<b>Total Capitalization</b>	<b>\$6,880</b>
Adjusted EBITDA <sup>4</sup> – TTM Q209	\$801
<b>Total Debt / Adj. EBITDA</b>	<b>1.2x</b>
<b>Net Debt / Adj. EBITDA</b>	<b>0.0x</b>

**2 debt issues with long-term maturities (2018 Notes have 2013 investor put)**

**Modest leverage; minimal (\$33mm) net debt**

<sup>1</sup> Does not include \$48mm of eLong cash invested in time deposits, \$6mm Reserve Fund investment or \$21mm in restricted cash

<sup>2</sup> Total size of facility is \$1bn; available capacity reduced by \$50mm in outstanding letters of credit; \$650mm of revolver was repaid in Q109

<sup>3</sup> Based on 291mm diluted shares & 9/9/09 share price \$23.53

<sup>4</sup> Adjusted EBITDA is calculated as operating income plus depreciation, intangibles expense, restructuring charges, stock-based compensation, any impairments and certain legal reserves and occupancy tax charges. Adjusted EBITDA includes any gains/(losses) from revenue hedges. See Appendix B for reconciliation of non-GAAP to GAAP numbers

Source: Company financial reports & forecasts



## Trended Credit Metrics

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>TTM 6.30.09</u>
Total Debt / Adjusted EBITDA	0.3	0.8	1.5	2.0	1.2
Net Debt / Adjusted EBITDA	N / A	N / A	0.6	1.1	0.0
Adj. EBITDA / Interest Expense	N / A	37.5	13.8	10.8	9.4
Free Cash Flow / Int. Expense	N / A	30.4	11.8	5.0	4.2

***Demonstrated strong credit metrics, consistent with investment grade rating***

# Rating Agency Snapshot

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- S&P (Analyst: Andy Liu)
  - ➔ BB / Credit Watch Positive (Sept 3, 2009)
  - ➔ September 3, 2009 Research Update & April 17, 2009 Summary:
    - *“lease-adjusted EBITDA coverage of interest and lease-adjusted total debt to EBITDA were 9.2x and 2.2x respectively. Although these credit measures are better than those of typical ‘BB’ rated companies, Expedia’s financial risks are higher than those of its similarly rated peers.”*
    - *“The CreditWatch placement reflects Expedia’s good credit metrics and a shift toward a more conservative financial policy. Despite the global recession and its impact on travel demand, online travel agencies such as Expedia....have done relatively well.”*
- Moody’s (Analyst: Stephen Sohn)
  - ➔ Ba2 / Stable / SGL-1
  - ➔ Nov 26, 2008 Credit Opinion:
    - *“The company’s financial leverage, as measured by debt to EBITDA, of 1.6x adjusted for leases, is similar to business services peers rated in the Aa category.”*
    - *“The stable outlook reflects the company’s strong operating performance amidst the current economic slowdown in the U.S. While Moody’s expects air and hotel bookings to remain under pressure into 2009 as a result of increased airfares (driven by airline capacity reductions) and declining hotel rates, we believe Expedia will still generate free cash flow at levels which would comfortably position the company at the Ba2 rating level. Furthermore, given the current credit climate, we believe that event risk arising from significant acquisition activity and additional shareholder friendly actions will be limited in the near to intermediate term. Accordingly, we expect leverage (debt to EBITDA on a Moody’s adjusted basis) to remain well below the 2.5x threshold that could trigger downward rating pressure.”*

**Solid execution & adequate liquidity in a challenging environment**

# Summary

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- Attractive macro tailwind as travel industry shifts online
- World's #1 online provider of travel-related services
  - Leading traffic, supply, scale, bookings, revenue and cash flow
  - Strong and complementary portfolio of brands and products
  - Critical partner to airlines, hotels and other travel suppliers
  - Leading consumer travel destination sites
- Countercyclical elements
  - Low exposure to airline industry (<15% of revenue)
  - Inventory availability & pricing improve in downturn
  - Diversified brands, business models and geographic reach
  - Approximately 60% variable / 40% fixed cost base
- Compelling platforms for travel suppliers, travelers & advertisers
- Strong business model, execution & credit metrics
  - Substantial free cash flow <sup>1</sup>(Q209 TTM: \$363mm)
  - Modest leverage (1.2x TTM)
  - Strong coverage (9.4x TTM)
  - High operating margins and modest ongoing capex (< 5% revenue)
- Proven management

<sup>1</sup> See Appendix B for reconciliation of non-GAAP to GAAP numbers



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# Appendix A

# Business Model – income statement (TTM 6.30.09)

		(\$MM)	
Customer books travel product or service; total retail value (incl taxes and fees) constitutes "Gross Bookings"	→	Gross bookings	\$20,282
Expedia's portion of the gross booking gets recorded as revenue (fees, commissions, etc.) Revenue = 13.4% of TTM bookings.	→	Revenue	2,860
		Cost of revenue *	606
		Selling and marketing *	1,014
(1) Personnel costs for support functions - exec leadership, finance, legal, tax & HR. (2) Fees for professional services that include legal, tax and accounting.	→	General and administrative *	240
		Technology and content *	<u>284</u>
		"OIBA" (incl. \$5mm hedge loss) *	710
		<i>OIBA margin</i>	25%
Annual awards in Q1	→	Stock-based compensation	61
Amortization of acquisition activity	→	Amortization of intangibles	51
		Occ tax, legal & restructuring	89
		Goodwill & Intang. Impairment	<u>2,996</u>
		Operating loss (GAAP)	(2,482)

- Credit Card & Fraud expense
- "Fulfillment" Costs, incl. tickets
- Call Centers (Traveler Service)
- Costs for destination services

More than \$1 of every \$3 in revenue, consisting of advertising & distribution expense, as well as personnel-related costs, including PSG market managers. Distribution channels include portals, search engines and our affiliate programs.

Includes product development expenses such as payroll and related expenses, information technology costs and depreciation of website development costs.

\* Excludes stock-based compensation. See Appendix B for reconciliation of non-GAAP with GAAP numbers.

Source: Company financial reports

# Trended Historical Results

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	y/y growth		
					<u>2006</u>	<u>2007</u>	<u>2008</u>
Gross Bookings	15,336	16,882	19,632	21,269	10%	16%	8%
Revenue	2,119	2,238	2,665	2,937	6%	19%	10%
Cost of goods sold & operating expenses *	<u>1,492</u>	<u>1,639</u>	<u>1,996</u>	<u>2,239</u>	10%	22%	12%
OIBA	627	599	670	698	(5%)	12%	4%
<i>OIBA Margin</i>	30%	27%	25%	24%	(283bps)	(165bps)	(136bps)
Adj. EBITDA **	678	648	729	775	(4%)	13%	6%
<i>EBITDA Margin</i>	32%	29%	27%	26%	(303bps)	(160bps)	( 98bps)
Free Cash Flow **	807	525	625	361	(35%)	19%	(42%)

- **Positive top-line growth**
- **Expense ramp to support independent public company & technology revamp pressured margins**
- **Despite difficult environment, generating substantial OIBA margins**
- **Over \$2.5B in cumulative OIBA & over \$2B in cumulative free cash flow**

\* Excludes stock-based compensation.

\*\* Adjusted EBITDA is calculated as operating income plus depreciation, intangibles expense, restructuring charges, stock-based compensation, any impairments and certain legal reserves and occupancy tax charges. Adjusted EBITDA includes any gains/(losses) from revenue hedges. See Appendix B for reconciliation of non-GAAP to GAAP numbers

Q2 2009 Company Overview



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# Appendix B

# Tabular Reconciliations For Non-GAAP Data

## *Operating Income Before Amortization*

	<b>12 Months Ended June 30, 2009</b>	<b>6 Months Ended June 30, 2009</b>	<b>3 Months Ended June 30, 2009</b>	<b>6 Months Ended June 30, 2008</b>	<b>3 Months Ended June 30, 2008</b>
OIBA	\$ 710,067	\$ 342,203	\$ 212,416	\$ 329,910	\$ 204,055
Amortization of intangible assets	(51,096)	(18,371)	(9,302)	(36,711)	(18,660)
Amortization of non-cash distribution and marketing	-	-	-	-	-
Stock-based compensation	(60,779)	(32,148)	(13,576)	(32,660)	(14,854)
Restructuring charges	(14,816)	(14,816)	(6,098)	-	-
Occupancy tax assessments and legal reserves	(74,211)	(74,211)	(74,211)	-	-
Impairment of goodwill	(2,762,100)	-	-	-	-
Impairment of intangible and other long-lived assets	(233,900)	-	-	-	-
Realized loss on revenue hedges	4,932	4,932	5,413	-	-
Operating income / (loss)	<u>(2,481,903)</u>	<u>207,589</u>	<u>114,642</u>	<u>260,539</u>	<u>170,541</u>
Interest income (expense), net	(68,081)	(38,362)	(19,388)	(11,854)	(4,269)
Other, net	(61,427)	(26,020)	(19,073)	(8,771)	(5,098)
Write-off of long-term investment	-	-	-	-	-
Provision for income taxes	27,340	(61,610)	(34,338)	(94,916)	(65,944)
Net (income) loss attributable to noncontrolling interests	<u>(801)</u>	<u>(1,311)</u>	<u>(941)</u>	<u>2,397</u>	<u>859</u>
Net income / (loss) attributable to Expedia, Inc.	<u>\$ (2,584,872)</u>	<u>\$ 80,286</u>	<u>\$ 40,902</u>	<u>\$ 147,395</u>	<u>\$ 96,089</u>



# Tabular Reconciliations For Non-GAAP Data

## *Operating Income Before Amortization*

	Year Ended Dec. 31, 2005	Year Ended Dec. 31, 2006	Year Ended Dec. 31, 2007	Year Ended Dec. 31, 2008
OIBA	\$ 627,441	\$ 599,018	\$ 669,487	\$ 697,774
Amortization of intangible assets	(126,067)	(110,766)	(77,569)	(69,436)
Amortization of non-cash distribution and marketing	(12,597)	(9,638)	-	-
Stock-based compensation	(91,725)	(80,285)	(62,849)	(61,291)
Impairment of goodwill	-	-	-	(2,762,100)
Impairment of intangible and other long-lived assets	-	(47,000)	-	(233,900)
Operating income / (loss)	397,052	351,329	529,069	(2,428,953)
Interest income (expense), net	48,673	14,799	(13,478)	(41,573)
Other, net	(8,428)	18,770	(18,607)	(44,178)
Write-off of long-term investment	(23,426)	-	-	-
Provision for income taxes	(185,977)	(139,451)	(203,114)	(5,966)
Net (income) loss attributable to noncontrolling interests	836	(513)	1,994	2,907
Net income / (loss) attributable to Expedia, Inc.	<u>\$ 228,730</u>	<u>\$ 244,934</u>	<u>\$ 295,864</u>	<u>\$(2,517,763)</u>

# Tabular Reconciliations For Non-GAAP Data

## *Adjusted Earnings Before Interest, Taxes, Depreciation & Amortization*

	<b>12 Months Ended June 30, 2009</b>	<b>6 Months Ended June 30, 2009</b>	<b>3 Months Ended June 30, 2009</b>	<b>6 Months Ended June 30, 2008</b>	<b>3 Months Ended June 30, 2008</b>
Adjusted EBITDA	800,932	391,632	237,209	365,274	222,352
Depreciation	(90,865)	(49,429)	(24,793)	(35,364)	(18,297)
Amortization of intangible assets	(51,096)	(18,371)	(9,302)	(36,711)	(18,660)
Stock-based compensation	(60,779)	(32,148)	(13,576)	(32,660)	(14,854)
Restructuring charges	(14,816)	(14,816)	(6,098)	-	-
Occupancy tax assessments and legal reserves	(74,211)	(74,211)	(74,211)	-	-
Impairment of goodwill	(2,762,100)	-	-	-	-
Impairment of intangible and other long-lived assets	(233,900)	-	-	-	-
Realized loss on revenue hedges	4,932	4,932	5,413	-	-
Operating income / (loss)	(2,481,903)	207,589	114,642	260,539	170,541
Interest income (expense), net	(68,081)	(38,362)	(19,388)	(11,854)	(4,269)
Other, net	(61,427)	(26,020)	(19,073)	(8,771)	(5,098)
Provision for income taxes	27,340	(61,610)	(34,338)	(94,916)	(65,944)
Net (income) loss attributable to noncontrolling interests	(801)	(1,311)	(941)	2,397	859
Net income / (loss) attributable to Expedia, Inc.	<u>\$ (2,584,872)</u>	<u>\$ 80,286</u>	<u>\$ 40,902</u>	<u>\$ 147,395</u>	<u>\$ 96,089</u>

# Tabular Reconciliations For Non-GAAP Data

## *Adjusted Earnings Before Interest, Taxes, Depreciation & Amortization*

	Year Ended Dec. 31, 2005	Year Ended Dec. 31, 2006	Year Ended Dec. 31, 2007	Year Ended Dec. 31, 2008
Adjusted EBITDA	677,886	647,797	729,013	774,574
Depreciation	(50,445)	(48,779)	(59,526)	(76,800)
Amortization of intangible assets	(126,067)	(110,766)	(77,569)	(69,436)
Amortization of non-cash distribution and marketing	(12,597)	(9,638)	-	-
Stock-based compensation	(91,725)	(80,285)	(62,849)	(61,291)
Impairment of goodwill	-	-	-	(2,762,100)
Impairment of intangible and other long-lived assets	-	(47,000)	-	(233,900)
Operating income / (loss)	397,052	351,329	529,069	(2,428,953)
Interest income (expense), net	48,673	14,799	(13,478)	(41,573)
Other, net	(8,428)	18,770	(18,607)	(44,178)
Write-off of long-term investment	(23,426)	-	-	-
Provision for income taxes	(185,977)	(139,451)	(203,114)	(5,966)
Net (income) loss attributable to noncontrolling interests	836	(513)	1,994	2,907
Net income / (loss) attributable to Expedia, Inc.	<u>\$ 228,730</u>	<u>\$ 244,934</u>	<u>\$ 295,864</u>	<u>\$(2,517,763)</u>

# Tabular Reconciliations For Non-GAAP Data

## Free Cash Flow (\$000's)

	<u>TTM 3.07</u>	<u>TTM 6.07</u>	<u>TTM 9.07</u>	<u>TTM 12.07</u>	<u>TTM 3.08</u>
Net cash provided by operating activities	703,569	831,140	859,228	712,069	737,792
Less: capital expenditures	<u>(97,925)</u>	<u>(97,576)</u>	<u>(82,671)</u>	<u>(86,658)</u>	<u>(101,514)</u>
Free cash flow	605,644	733,564	776,557	625,411	636,278
	<u>TTM 6.08</u>	<u>TTM 9.08</u>	<u>TTM 12.08</u>	<u>TTM 3.09</u>	<u>TTM 6.09</u>
Net cash provided by operating activities	660,510	514,242	520,688	458,913	494,184
Less: capital expenditures	<u>(118,417)</u>	<u>(148,022)</u>	<u>(159,827)</u>	<u>(150,025)</u>	<u>(131,146)</u>
Free cash flow	542,093	366,220	360,861	308,888	363,038

*TTM = Trailing Twelve Month periods ended*