

SUPPLEMENTAL HISTORICAL FINANCIAL INFORMATION



January 2012

Introduction

TripAdvisor Spin-Off

Following the close of trading on the Nasdaq Stock Market on December 20, 2011, Expedia, Inc. ("Expedia" or the "Company"), a Delaware corporation, completed the spin-off (the "Spin-Off") of TripAdvisor, Inc., a Delaware corporation ("TripAdvisor") to Expedia stockholders. TripAdvisor consists of the domestic and international operations previously associated with Expedia's TripAdvisor Media Group (the "TripAdvisor Businesses") and is now a separately traded public company, trading under the symbol "TRIP" on The Nasdaq Global Select Market. Expedia continues to own and operate its remaining businesses—the domestic and international operations of its travel transaction brands—as a separately traded public company, trading under the symbol "EXPE" on The Nasdaq Global Select Market. Prior to the Spin-Off, TripAdvisor was a wholly-owned subsidiary of Expedia, with Expedia as its sole stockholder. Expedia effected the Spin-Off by means of a reclassification of its capital stock that resulted in the holders of Expedia capital stock immediately prior to the time of effectiveness of the reclassification having the right to receive a proportionate amount of TripAdvisor capital stock. A one-for-two reverse stock split of outstanding Expedia capital stock occurred immediately prior to the Spin-Off, with cash paid in lieu of fractional shares.

Basis of Presentation

The unaudited quarterly consolidated financial information presented within this presentation is based on historical results, after giving effect to the TripAdvisor Businesses as discontinued operations and the reverse stock split for the periods presented.

Non-GAAP Measures

The Appendices to this presentation also include certain financial measures that are supplemental measures to GAAP and are defined by the Securities and Exchange Commission as non-GAAP financial measures. Following the Spin-Off, the Company introduced Adjusted EBITDA, a new non-GAAP financial measure. Going forward, the Company plans to regularly report Adjusted EBITDA and will no longer report Operating Income Before Amortization.

Reconciliations to GAAP measures of non-GAAP measures set forth in this presentation are included in the Appendices. These non-GAAP measures are subject to certain limitations and are intended to supplement, not substitute for, comparable GAAP measures. Investors are urged to consider carefully the comparable GAAP measures and reconciliations.

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Statements of Operations



EXPEDIA, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for per share data)

	2011				2010				
	Three months ended March 31	Three months ended June 30	Three months ended September 30	Nine months ended September 30	Three months ended March 31	Three months ended June 30	Three months ended September 30	Three months ended December 31	Year ended December 31
Revenue	\$ 727,835	\$ 913,591	\$ 1,020,450	\$ 2,661,876	\$ 646,418	\$ 751,537	\$ 898,099	\$ 737,591	\$ 3,033,645
Costs and expenses:									
Cost of revenue (1)	175,610	195,810	206,451	577,871	156,483	166,836	187,977	174,191	685,487
Selling and marketing (1)	350,908	400,483	408,169	1,159,560	291,999	308,425	351,130	283,227	1,234,781
Technology and content (1)	86,807	93,101	98,472	278,380	75,218	74,406	79,761	79,395	308,780
General and administrative (1)	71,160	72,045	78,680	221,885	64,540	63,945	63,624	66,495	258,604
Amortization of intangible assets	5,834	5,914	5,564	17,312	5,650	5,479	5,550	5,835	22,514
Legal reserves, occupancy tax and other	2,358	2,531	14,015	18,904	366	5,910	903	15,513	22,692
Operating income	35,158	143,707	209,099	387,964	52,162	126,536	209,154	112,935	500,787
Other income (expense):									
Interest income	3,335	5,451	5,784	14,570	594	1,210	2,426	2,822	7,052
Interest expense	(22,522)	(22,489)	(23,234)	(68,245)	(12,500)	(11,501)	(18,279)	(24,148)	(66,428)
Other, net	(7,182)	(5,404)	10,790	(1,796)	1,883	2,177	(15,292)	(4,340)	(15,572)
Total other expense, net	(26,369)	(22,442)	(6,660)	(55,471)	(10,023)	(8,114)	(31,145)	(25,666)	(74,948)
Income from continuing operations before income taxes	8,789	121,265	202,439	332,493	42,139	118,422	178,009	87,269	425,839
Provision for income taxes	(2,886)	(33,132)	(30,599)	(66,617)	(15,228)	(40,091)	(41,339)	(23,684)	(120,342)
Income from continuing operations	5,903	88,133	171,840	265,876	26,911	78,331	136,670	63,585	305,497
Discontinued operations, net of taxes (a)	46,306	52,757	38,566	137,629	33,688	37,022	41,354	7,999	120,063
Net income	52,209	140,890	210,406	403,505	60,599	115,353	178,024	71,584	425,560
Net income attributable to noncontrolling interests	(170)	(497)	(872)	(1,539)	(1,204)	(1,091)	(1,474)	(291)	(4,060)
Net income attributable to Expedia, Inc.	\$ 52,039	\$ 140,393	\$ 209,534	\$ 401,966	\$ 59,395	\$ 114,262	\$ 176,550	\$ 71,293	\$ 421,500
Amounts attributable to Expedia, Inc.:									
Income from continuing operations	\$ 5,826	\$ 87,682	\$ 170,947	\$ 264,455	\$ 25,748	\$ 77,253	\$ 135,223	\$ 63,391	\$ 301,615
Discontinued operations, net of taxes	46,213	52,711	38,587	137,511	33,647	37,009	41,327	7,902	119,885
Net income	\$ 52,039	\$ 140,393	\$ 209,534	\$ 401,966	\$ 59,395	\$ 114,262	\$ 176,550	\$ 71,293	\$ 421,500
Earnings per share from continuing operations (b)									
Basic	\$ 0.04	\$ 0.64	\$ 1.26	\$ 1.94	\$ 0.18	\$ 0.54	\$ 0.96	\$ 0.46	\$ 2.14
Diluted	0.04	0.63	1.22	1.90	0.17	0.53	0.94	0.45	2.09
Shared used in computing earning per share from continuing operations (b)									
Basic	136,930	136,796	136,176	136,632	144,301	142,044	140,608	138,052	141,233
Diluted	139,084	139,053	139,684	139,271	147,251	144,488	143,142	141,251	144,014
Dividends declared per common share	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.21	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.28
(1) Includes stock-based compensation as follows:									
Cost of revenue	\$ 810	\$ 581	\$ 584	\$ 1,975	\$ 789	\$ 487	\$ 549	\$ 576	\$ 2,401
Selling and marketing	3,509	2,279	2,423	8,211	3,662	2,684	2,521	2,899	11,766
Technology and content	3,863	2,690	2,982	9,535	3,604	2,648	2,569	2,844	11,665
General and administrative	6,616	5,963	7,034	19,613	8,670	7,278	5,652	5,075	26,675

Statements of Operations (cont'd)

- (a) Represents the elimination of the assets and liabilities as well as the results of operations of TripAdvisor, including (i) the reclassification of expense Expedia paid to TripAdvisor related to sales and marketing expense (previously eliminated in consolidation) to third-party expense as the relationship will continue after the Spin-Off, (ii) the reclassification of expense related to the obligation to fund a charitable foundation that was assumed by TripAdvisor in conjunction with the Spin-Off, (iii) non-recurring expenses incurred to effect the spin-off of TripAdvisor during the nine months ended September 30, 2011 of \$6.5 million and (iv) interest expense and amortization of debt issuance costs and discount, related to the redemption of Expedia's 8.5% senior notes due 2016 in connection with the Spin-Off, was attributed to discontinued operations in all periods presented.
- (b) Reflects changes in Expedia's stockholders' equity to affect the spin-off after giving effect to the one-for-two reverse stock split of Expedia that occurred in connection with the Spin-Off.

Appendix A: Non-GAAP Measures

Definitions of Non-GAAP Measures

Expedia, Inc. reports Adjusted EBITDA, Adjusted Net Income and Adjusted EPS, all of which are supplemental measures to GAAP and are defined by the SEC as non-GAAP financial measures. These measures are among the primary metrics by which management evaluates the performance of the business and on which internal budgets are based. Management believes that investors should have access to the same set of tools that management uses to analyze our results.

These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP. Adjusted EBITDA, Adjusted Net Income and Adjusted EPS have certain limitations in that they do not take into account the impact of certain expenses to our consolidated statements of operations. We endeavor to compensate for the limitation of the non-GAAP measures presented by also providing the most directly comparable GAAP measures and descriptions of the reconciling items and adjustments to derive the non-GAAP measures. Adjusted EBITDA, Adjusted Net Income and Adjusted EPS also exclude certain items related to occupancy tax matters, which may ultimately be settled in cash, and we urge investors to review the detailed disclosure regarding these matters in the Management Discussion and Analysis, Legal Proceedings sections, as well as the notes to the financial statements, included in the Company's annual and quarterly reports filed with the Securities and Exchange Commission. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. The definition of Adjusted Net Income was revised in fourth quarter of 2010 and fourth quarter of 2011.

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, and (ii) gains (losses) recognized on changes in the value of contingent consideration arrangements; (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 hotel occupancy taxes, related 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 occupancy 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.

Appendix A: Non-GAAP Measures (cont'd)

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 the time of Expedia's spin-off from IAC/Interactive Corp.; (4) currency gains or losses on U.S. dollar denominated cash or investments held by majority-owned eLong, Inc.; (5) certain other infrequently occurring items, including restructuring charges; (6) items included in Legal reserves, occupancy tax and other, which includes reserves for potential settlement of issues related to hotel occupancy taxes, related 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 occupancy tax proceedings; (7) discontinued operations; (8) the noncontrolling interest impact of the aforementioned adjustment items and (9) unrealized gains (losses) on revenue hedging activities that are included in other, net.

We believe Adjusted Net Income is useful to investors because it represents Expedia, Inc.'s combined results, excluding the impact of certain expenses, infrequently occurring items and items not directly tied to the core operations of our businesses.

Adjusted EPS is defined as Adjusted Net Income divided by adjusted weighted average shares outstanding, which include dilution from options and warrants per the treasury stock method and include all shares relating to restricted stock units ("RSUs") in shares outstanding for Adjusted EPS. This differs from the GAAP method for including RSUs, which treats them on a treasury method basis. Shares outstanding for Adjusted EPS purposes are therefore higher than shares outstanding for GAAP EPS purposes.

We believe Adjusted EPS is useful to investors because it represents, on a per share basis, Expedia's consolidated results, taking into account items which are not allocated to the operating businesses such as interest expense, taxes, foreign exchange gains or losses, and minority interest, but excluding the effects of certain expenses not directly tied to the core operations of our businesses.

Adjusted Net Income does not include all items that affect our net income/(loss) and net income/(loss) per share for the period. Therefore, we think it is important to evaluate these measures along with our consolidated statements of operations.

Appendix B: Adjusted EBITDA Reconciliation



EXPEDIA, INC.
ADJUSTED EBITDA RECONCILIATION
(In thousands)

	2011				2010				
	Three months ended March 31	Three months ended June 30	Three months ended September 30	Nine months ended September 30	Three months ended March 31	Three months ended June 30	Three months ended September 30	Three months ended December 31	Year ended December 31
Adjusted EBITDA	\$ 82,027	\$ 188,996	\$ 277,677	\$ 548,700	\$ 100,379	\$ 181,035	\$ 249,868	\$ 169,200	\$ 700,482
Depreciation	(29,185)	(31,651)	(36,791)	(97,627)	(23,026)	(27,226)	(27,271)	(28,008)	(105,531)
Amortization of intangible assets	(5,834)	(5,914)	(5,564)	(17,312)	(5,650)	(5,479)	(5,550)	(5,835)	(22,514)
Stock-based compensation	(14,798)	(11,513)	(13,023)	(39,334)	(16,725)	(13,097)	(11,291)	(11,394)	(52,507)
Legal reserves, occupancy tax and other	(2,358)	(2,531)	(14,015)	(18,904)	(366)	(5,910)	(903)	(15,513)	(22,692)
Realized (gain) loss on revenue hedges	5,306	6,320	815	12,441	(2,450)	(2,787)	4,301	4,485	3,549
Operating income	35,158	143,707	209,099	387,964	52,162	126,536	209,154	112,935	500,787
Interest expense, net	(19,187)	(17,038)	(17,450)	(53,675)	(11,906)	(10,291)	(15,853)	(21,326)	(59,376)
Other, net	(7,182)	(5,404)	10,790	(1,796)	1,883	2,177	(15,292)	(4,340)	(15,572)
Income from continuing operations before income taxes	8,789	121,265	202,439	332,493	42,139	118,422	178,009	87,269	425,839
Provision for income taxes	(2,886)	(33,132)	(30,599)	(66,617)	(15,228)	(40,091)	(41,339)	(23,684)	(120,342)
Income from continuing operations	5,903	88,133	171,840	265,876	26,911	78,331	136,670	63,585	305,497
Discontinued operations, net of taxes	46,306	52,757	38,566	137,629	33,688	37,022	41,354	7,999	120,063
Net income	52,209	140,890	210,406	403,505	60,599	115,353	178,024	71,584	425,560
Net income attributable to noncontrolling interests	(170)	(497)	(872)	(1,539)	(1,204)	(1,091)	(1,474)	(291)	(4,060)
Net income attributable to Expedia, Inc.	\$ 52,039	\$ 140,393	\$ 209,534	\$ 401,966	\$ 59,395	\$ 114,262	\$ 176,550	\$ 71,293	\$ 421,500

Appendix C: Adjusted Net Income and Adjusted EPS Reconciliation



EXPEDIA, INC.
ADJUSTED EPS
(In thousands, except for per share data)

	2011				2010				
	Three months ended March 31	Three months ended June 30	Three months ended September 30	Nine months ended September 30	Three months ended March 31	Three months ended June 30	Three months ended September 30	Three months ended December 31	Year ended December 31
Net income attributable to Expedia, Inc.	\$ 52,039	\$ 140,393	\$ 209,534	\$ 401,966	\$ 59,395	\$ 114,262	\$ 176,550	\$ 71,293	\$ 421,500
Discontinued operations, net of taxes	(46,213)	(52,711)	(38,587)	(137,511)	(33,647)	(37,009)	(41,327)	(7,902)	(119,885)
Amortization of intangibles	5,834	5,914	5,564	17,312	5,650	5,479	5,550	5,835	22,514
Stock-based compensation	14,798	11,513	13,023	39,334	16,725	13,097	11,291	11,394	52,507
Legal reserves, occupancy tax and other	2,358	2,531	14,015	18,904	366	5,910	903	15,513	22,692
Foreign currency loss on U.S. dollar cash balances held by eLong	377	1,182	558	2,117	(125)	873	1,358	606	2,711
Unrealized (gain) loss on revenue hedges	1,146	(1,983)	(10,612)	(11,449)	(718)	(903)	8,724	(2,205)	4,898
Noncontrolling interests	(674)	(1,050)	(815)	(2,539)	(436)	(783)	(954)	(704)	(2,877)
Provision for income taxes	(6,825)	(5,196)	(12,178)	(24,199)	(7,236)	(8,450)	(8,283)	(10,480)	(34,449)
Adjusted Net Income	22,840	100,593	180,502	303,935	39,974	92,477	153,812	83,350	369,612
GAAP diluted weighted average shares outstanding	139,084	139,053	139,684	139,271	147,251	144,488	143,142	141,251	144,014
Additional restricted stock units	1,572	1,333	1,218	1,374	2,270	1,979	1,735	1,569	1,889
Adjusted weighted average shares outstanding	140,656	140,386	140,902	140,645	149,521	146,467	144,877	142,820	145,903
Diluted earnings per share from continuing operations	\$ 0.04	\$ 0.63	\$ 1.22	\$ 1.90	\$ 0.17	\$ 0.53	\$ 0.94	\$ 0.45	\$ 2.09
Adjusted earnings per share from continuing operations	0.16	0.72	1.28	2.16	0.27	0.63	1.06	0.58	2.53