

# EXPEDIA AGREES TO ACQUIRE HOMEAWAY

NOVEMBER 2015



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Additional risks relating to the HomeAway transaction, include but are not limited to, the ability of the parties to consummate the proposed transaction on a timely basis or at all and the satisfaction of the conditions precedent to consummation of the proposed transaction, including majority of HomeAway's shares being validly tendered into the exchange offer, the ability to secure regulatory approvals on the terms expected, at all or in a timely manner; the ability of Expedia to successfully integrate HomeAway's operations; the ability of Expedia to implement its plans, forecasts and other expectations with respect to HomeAway's business after the completion of the transaction and realize expected synergies; business disruption following the merger; the proposed transaction may not be completed on the timeframe expected or at all. Other unknown or unpredictable factors also could have a material adverse effect on our business, financial condition and results of operations. 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# Safe Harbor and Other Information, cont.



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In addition to the Offer to Exchange, the related Letter of Transmittal and certain other exchange offer documents, as well as the Solicitation/Recommendation Statement, Expedia and HomeAway file annual, quarterly and current reports and other information with the SEC. You may read and copy any reports or other information filed by Expedia and HomeAway at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Expedia and HomeAway's filings with the SEC are also available to the public from commercial document-retrieval services and at the website maintained by the SEC at <http://www.sec.gov>.

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# Agenda



HomeAway Transaction Summary

Expedia, Inc. Update

HomeAway Opportunity

# HomeAway Transaction Highlights

## Transaction

- Expedia will acquire HomeAway for \$38.31 per share, or \$3.9B equity value, based on Expedia's closing price on November 3, 2015
- Offering ~\$1B in cash consideration with the balance in Expedia stock
  - HomeAway shareholders to receive \$10.15 in cash per share and 0.2065 shares of Expedia stock for each share of HomeAway stock owned
- Approved by Board of Directors of both companies

## Financial Impact

- Improved growth and earnings profile with significant cash flow conversion
- Targeting HomeAway Adj. EBITDA of approximately \$350M in 2018

## Financing

- Cash portion of consideration to be funded with existing sources of liquidity and/or through opportunistic financing
- \$2.9B of Expedia stock to be issued based on Expedia's closing price on November 3, 2015
- No financing condition

## Process and Timing

- Subject to customary closing conditions, including regulatory review
- Subject to HomeAway stockholders tendering a majority of HomeAway shares to Expedia
- Expect transaction to close in Q1 2016

# Expedia: Strong Growth, Consistent Execution

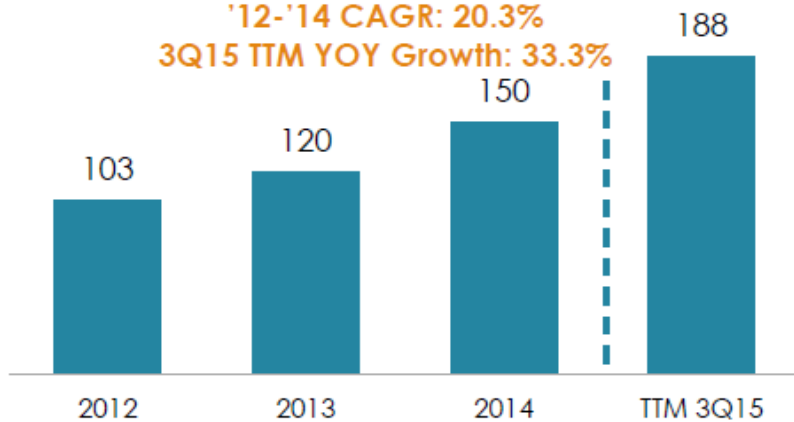


## ROOM NIGHTS

Millions

'12-'14 CAGR: 20.3%

3Q15 TTM YOY Growth: 33.3%

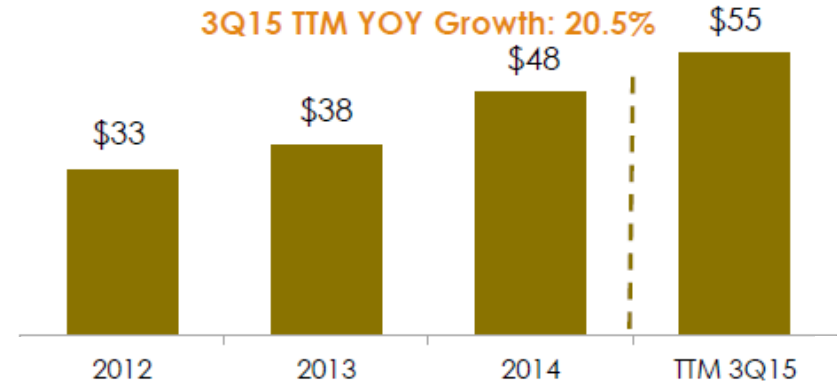


## GROSS BOOKINGS

\$ Billions

'12-'14 CAGR: 21.1%

3Q15 TTM YOY Growth: 20.5%

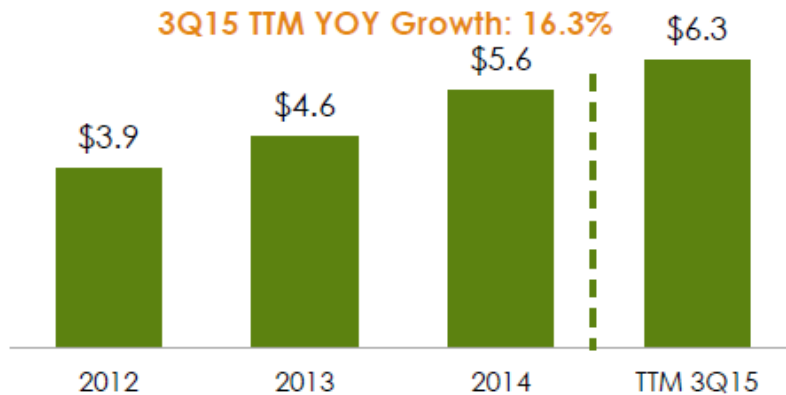


## REVENUE

\$ Billions

'12-'14 CAGR: 19.5%

3Q15 TTM YOY Growth: 16.3%

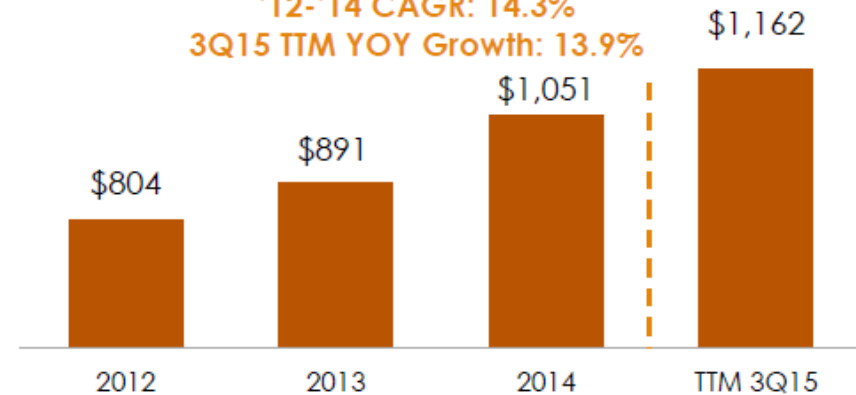


## ADJUSTED EBITDA<sup>1</sup>

\$ Millions

'12-'14 CAGR: 14.3%

3Q15 TTM YOY Growth: 13.9%



<sup>1</sup> Non-GAAP measure. See Appendix A for Non-GAAP to GAAP Reconciliation

# Established Brands with Global Reach



Dynamic portfolio of travel brands with more than 130 sites in over 60 countries featuring the world's broadest supply portfolio including 271,000 properties in 200 countries, 400 airlines, packages, rental cars, cruises and destination services and activities



A Leading Hotel  
Metasearch Company

Sites in  
52 Countries



A Leader in Global  
Corporate Travel

Presence in  
65 Countries

Pending



A Leader in  
Alternative Lodging

1.2M Vacation Properties across  
190 Countries

Brand Recognition in  
**EVERY** Established Market

Solid Foothold in Emerging Markets

# Strategic Rationale of HomeAway Acquisition



Instant leadership position in fast growing ~\$100B vacation rental market<sup>1</sup>

Ability to accelerate HomeAway's business model shift and growth via Expedia's transactional business model expertise and technology leadership

Targeting significant earnings growth - HomeAway Adj. EBITDA of \$118M for TTM as of September 2015 to a targeted \$350M by 2018

Expands Expedia's lodging inventory to include 1.2M vacation rentals providing enhanced distribution to owners and more choice for travelers

Expedia's global demand footprint positions HomeAway to expand into and acquire supply in urban markets

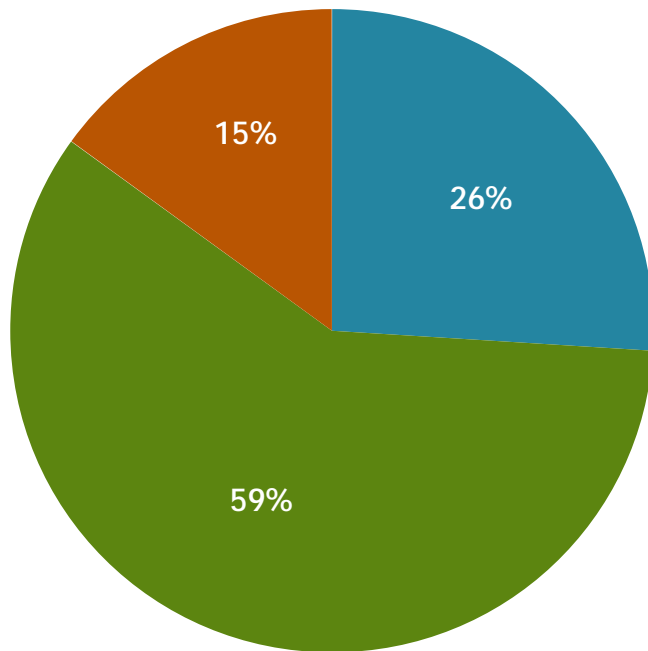
<sup>1</sup>Source: Piper Jaffray



# Vacation Rentals and Alternative Lodging – A Huge Market, Growing in Importance

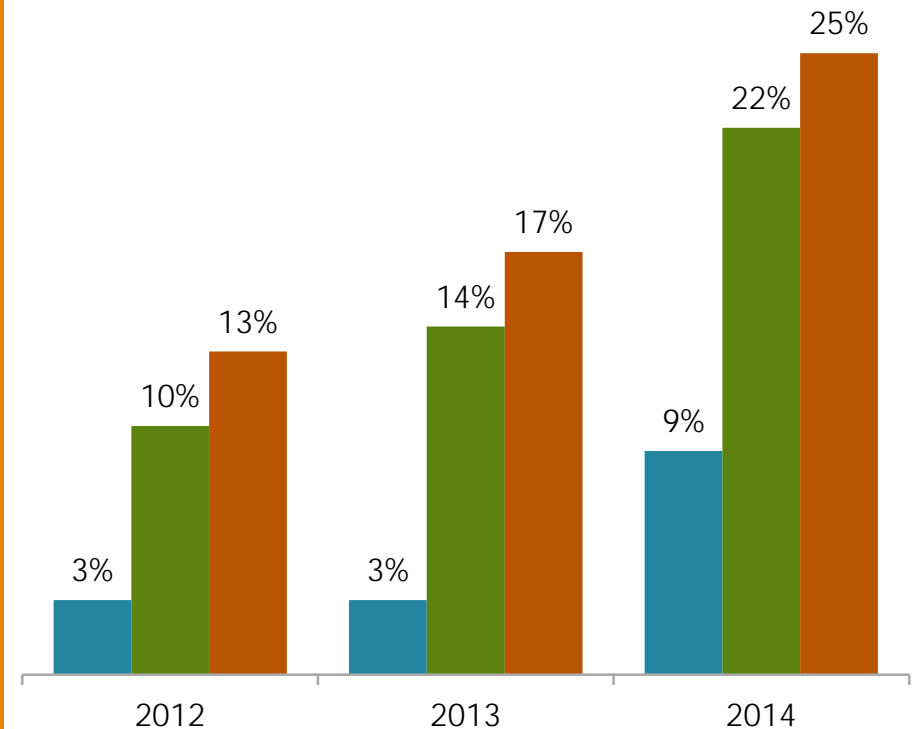


\$100B VACATION RENTAL MARKET  
REPRESENTS A HUGE GROWTH  
OPPORTUNITY<sup>1</sup>



■ Europe ■ US ■ ROW

% OF US TRAVELERS WHO HAVE RENTED  
PRIVATE ACCOMMODATIONS<sup>2</sup>



■ Shared Space ■ Home / Apartment ■ Total

# Key Attributes of HomeAway

**Leader in massive, fast-growing market**  
~\$100B vacation rental market<sup>1</sup>

**First mover that built a global platform**  
Over 40 sites in over 20 languages

**Established and trusted brands**  
VRBO, HomeAway, FeWoDirekt, AbritelFrance

**Large inventory**  
1.2M vacation properties across 190 countries

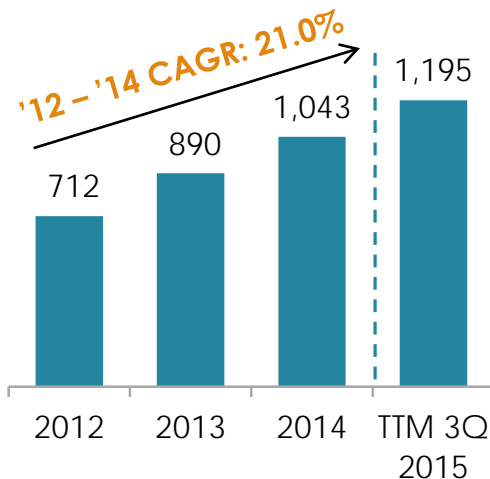
**Further upside from business model shift**  
665K online bookable properties, up 97% YoY

**Loyal vacation rental owners / managers**  
72% supplier renewal rates

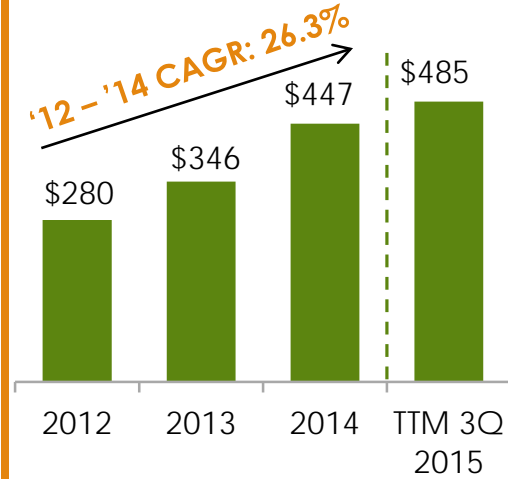
**Strong consumer demand**  
1B site visits TTM (Q3 2015)

**Profitable growth with high FCF conversion**

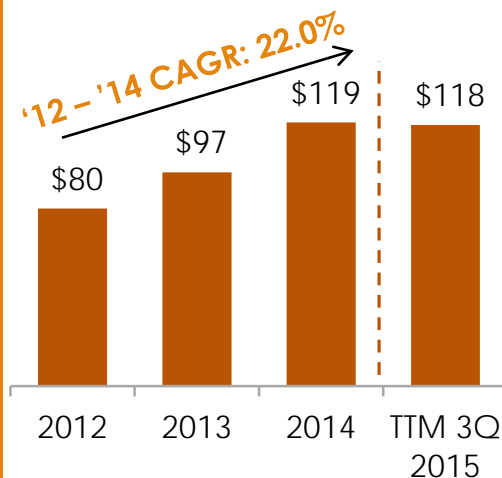
## PAID LISTINGS (000s)



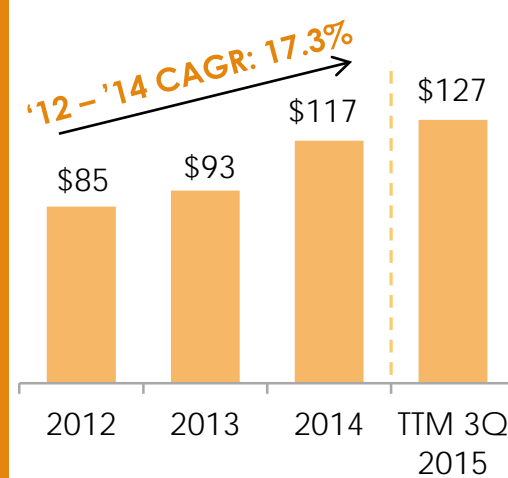
## REVENUE (\$M)



## ADJ. EBITDA<sup>2</sup> (\$M)

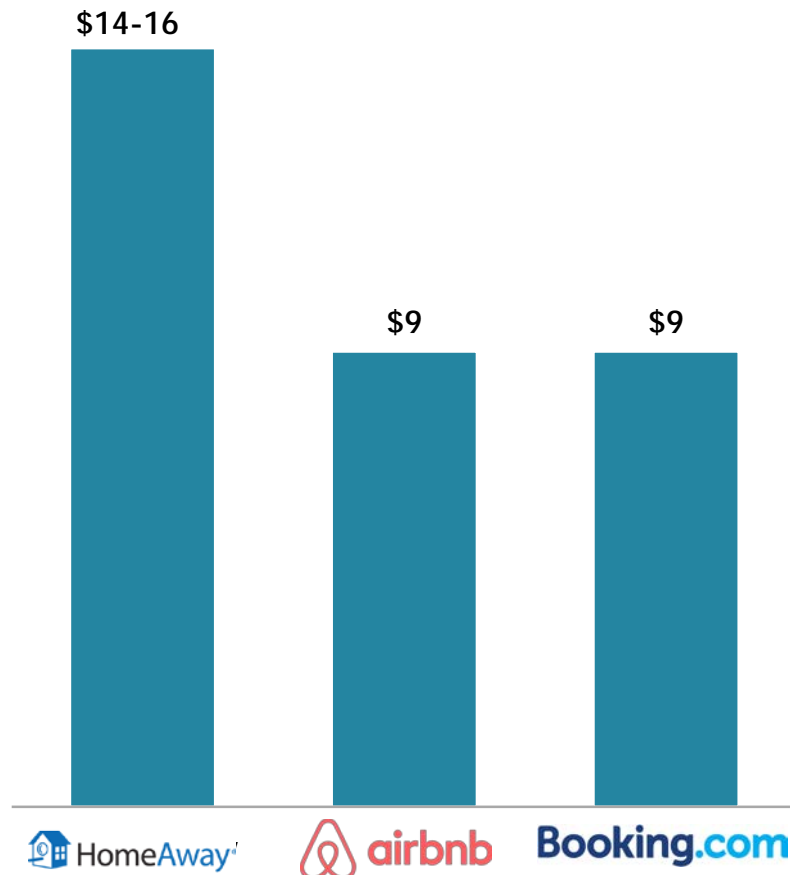


## FCF<sup>3</sup> (\$M)

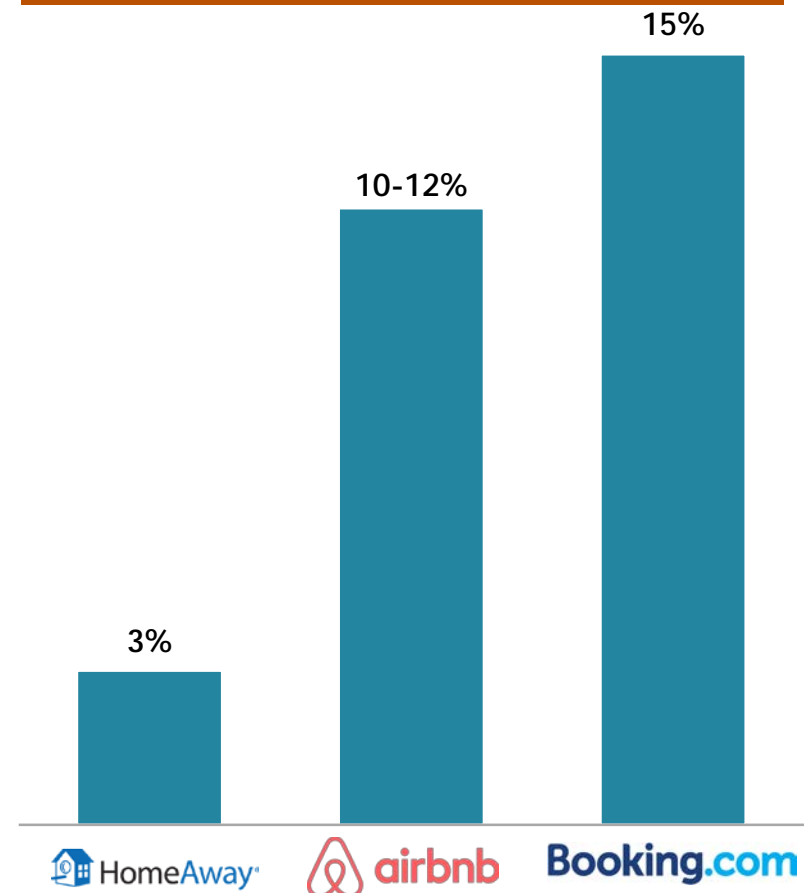


# The HomeAway Transition Opportunity

2015 Estimated Annual  
Gross Bookings  
(Billions)



2015 Estimated Take Rates

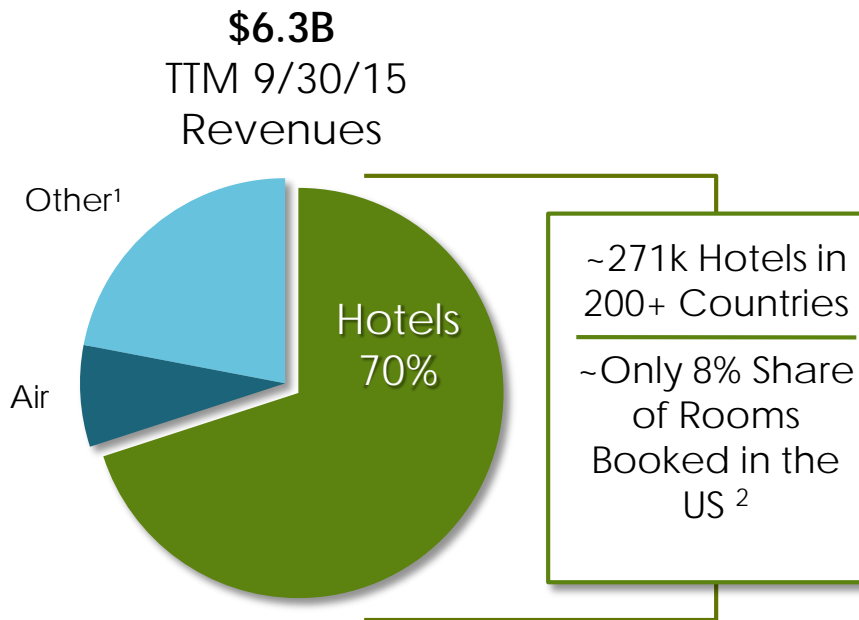


Note: Airbnb and Booking.com data from Deutsche Bank report, June 2015. HomeAway 2015 gross bookings estimates from Q2 2015 earnings call, August 2015. HomeAway estimated take rate based on ~\$15B HomeAway outlook for 2015 gross booking value and ~\$500M First Call consensus for 2015 revenue as of November 14, 2015.

# Gives Expedia Industry Leading Lodging Position and Expands Addressable Market

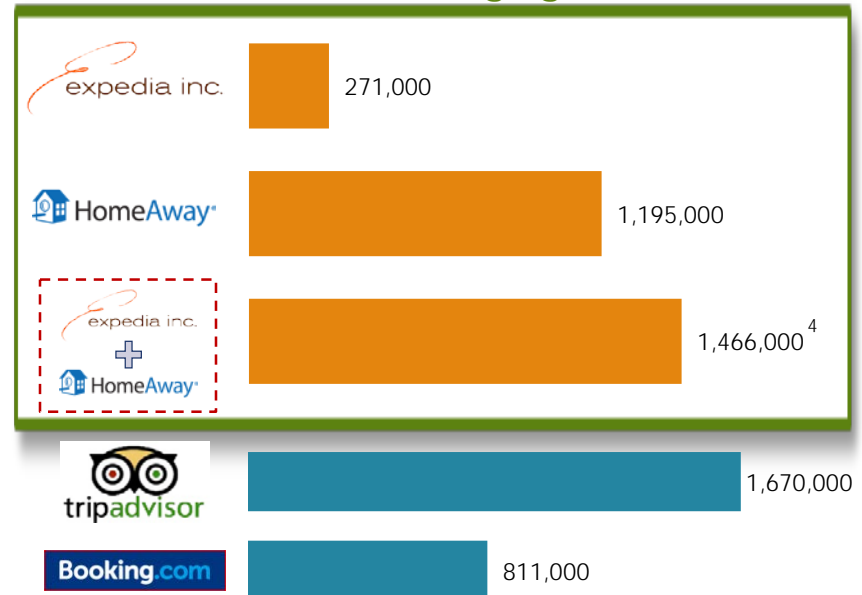


## Expedia Already Has Scale in Hotels...



## ... And HomeAway Adds Significantly More Lodging Alternatives

### Number of Hotels / Lodging Alternatives<sup>3</sup>



<sup>1</sup>Other includes Car, Advertising, Destination Services, Insurance, Cruise, Agency Packages, and Other.

<sup>2</sup>Sources: Smith Travel Research and Expedia data.

<sup>3</sup>Hotel data for TripAdvisor and Booking.com obtained from respective company websites. TripAdvisor and Booking.com numbers include 720,000 and 375,000 vacation rental properties, respectively.

<sup>4</sup>Total assumes no overlap between HomeAway and Expedia properties.

# How Expedia Will Help Improve HomeAway



Technology leader in travel with proven transactional capabilities

Track record of successful transformations and integrations

Global leader in variable marketing and consumer led innovation (web analytics, A/B Testing)

Enable HomeAway to expedite deployment of new services, such as online booking functionality, payment processing services, and enhanced traveler services and products

Portfolio of leading travel brands bringing massive distribution potential to HomeAway owners and managers

Appetite to invest resources to position HomeAway for medium to long term success



# APPENDICES

# HomeAway Impact to Adjusted EBITDA



\$ Millions	EXPEDIA TTM 3Q15	HOMEAWAY TTM 3Q15	PRO FORMA
Adjusted EBITDA excluding eLong	\$1,162		
eLong Adjusted EBITDA	(89)		
<b>Adjusted EBITDA</b>	<b>\$1,073</b>	<b>\$118</b>	<b>\$1,191</b>
<b>Total Debt / EBITDA (Excl. eLong)</b>	<b>2.1 x</b>	<b>-</b>	<b>2.1 x</b>
Depreciation and Amortization	(420)	(34)	(454)
Legal Reserves , Occupancy Tax and Other	104	-	104
Stock-Based Compensation	(151)	(50)	(201)
Restructuring Charges	(78)	-	(78)
Realized Loss (Gain) on Revenue Hedges	(49)	-	(50)
<b>Operating Income (Loss)</b>	<b>\$479</b>	<b>\$34</b>	<b>\$512</b>
Gain on Sale of Business	509	-	509
Foreign Exchange Loss and Other Expenses	-	(1)	-
Interest Expense, Net	32	(15)	17
<b>Income (Loss) from Continuing Operations before Income Taxes</b>	<b>\$1,020</b>	<b>\$17</b>	<b>\$1,037</b>
Provision for Income Taxes	(228)	(11)	(239)
<b>Net Income (Loss)</b>	<b>\$792</b>	<b>\$6</b>	<b>\$799</b>
Net (Income) Loss Attributable to Noncontrolling Interests	51	-	50
<b>Net Income (Loss) Attributable to Expedia, Inc.</b>	<b>\$843</b>	<b>\$6</b>	<b>\$849</b>

Note: Numbers may not sum due to rounding

# Non-GAAP / GAAP Reconciliation: Adjusted EBITDA



\$ Millions	2012	2013	2014	TTM 3Q15
Adjusted EBITDA excluding eLong	\$804	\$891	\$1,051	\$1,162
eLong Adjusted EBITDA	(1)	(12)	(27)	(89)
<b>Adjusted EBITDA</b>	<b>\$803</b>	<b>\$879</b>	<b>\$1,025</b>	<b>\$1,073</b>
Depreciation	(164)	(212)	(266)	(312)
Amortization of Intangible Assets	(32)	(72)	(80)	(108)
Legal Reserves , Occupancy Tax and Other	(117)	(78)	(42)	104
Stock-Based Compensation	(65)	(130)	(85)	(151)
Acquisition-related and Other	-	(10)	-	-
Restructuring Charges	-	-	(26)	(78)
Realized Loss (Gain) on Revenue Hedges	6	(11)	(9)	(49)
<b>Operating Income (Loss)</b>	<b>\$432</b>	<b>\$366</b>	<b>\$518</b>	<b>\$479</b>
Gain on Sale of Business	-	-	-	509
Total Other Expense, Net	(82)	(65)	(53)	32
<b>Income (Loss) from Continuing Operations before Income Taxes</b>	<b>350</b>	<b>301</b>	<b>465</b>	<b>1,020</b>
Provision for Income Taxes	(47)	(84)	(92)	(228)
<b>Income (Loss) from Continuing Operations</b>	<b>303</b>	<b>216</b>	<b>373</b>	<b>792</b>
Discontinued Operations, Net of Taxes	(23)	-	-	-
<b>Net Income (Loss)</b>	<b>280</b>	<b>216</b>	<b>373</b>	<b>792</b>
Net (Income) Loss Attributable to Noncontrolling Interests	-	16	25	51
<b>Net Income (Loss) Attributable to Expedia, Inc.</b>	<b>\$280</b>	<b>\$233</b>	<b>\$398</b>	<b>\$843</b>

Note: Numbers may not sum due to rounding



# Non-GAAP / GAAP Reconciliation: Free Cash Flow



\$ Millions	2009	2010	2011	2012	2013	2014	TTM 3Q15
<b>Cash provided by operations</b>	\$574	\$605	\$826	\$1,237	\$763	\$1,367	\$1,342
Capital expenditures	(79)	(136)	(208)	(236)	(309)	(328)	(714)
<b>Free cash flow</b>	\$495	\$469	\$618	\$1,001	\$455	\$1,039	\$628

Note: Numbers may not sum due to rounding and include eLong

# Non-GAAP / GAAP Reconciliation: Adjusted EBITDA



\$ Millions

3Q15

Expedia (excluding eLong) Adjusted EBITDA excluding the Impacts of Orbitz Worldwide	\$486
Orbitz Worldwide Deal and Integration Costs	(7)
Negative Impact of Consolidating the Orbitz Worldwide Financial Statements	(10)
<b>Expedia (excluding eLong) Adjusted EBITDA</b>	<b>\$469</b>
eLong Adjusted EBITDA	-
<b>Adjusted EBITDA</b>	<b>\$469</b>
Depreciation	(87)
Amortization of Intangible Assets	(31)
Legal Reserves , Occupancy Tax and Other	115
Stock-Based Compensation	(64)
Restructuring Charges	(42)
Realized Loss (Gain) on Revenue Hedges	(14)
<b>Operating Income (Loss)</b>	<b>\$345</b>
Interest Expense, Net	(29)
Other Expense, Net	26
<b>Income (Loss) from Continuing Operations before Income Taxes</b>	<b>342</b>
Provision for Income Taxes	(66)
<b>Income (Loss) from Continuing Operations</b>	<b>276</b>
Net (Income) Loss Attributable to Noncontrolling Interests	7
<b>Net Income (Loss) Attributable to Expedia, Inc.</b>	<b>\$283</b>

Note: Numbers may not sum due to rounding

# Non-GAAP / GAAP Reconciliation: Adjusted EBITDA



\$ Thousands	2012	2013	2014	TTM 3Q15
<b>Adjusted EBITDA</b>	<b>\$80,317</b>	<b>\$96,775</b>	<b>\$119,386</b>	<b>\$118,196</b>
Depreciation and Amortization	(23,489)	(25,067)	(30,842)	(33,505)
Stock-Based Compensation	(27,033)	(37,887)	(48,518)	(50,423)
<b>Operating Income (Loss)</b>	<b>\$29,795</b>	<b>\$33,821</b>	<b>\$40,026</b>	<b>\$34,268</b>
Foreign Exchange Loss and Other Expenses	(2,587)	(6,017)	(7,182)	(1,363)
Interest Expense, Net	928	1,211	(11,605)	(15,425)
<b>Income (Loss) from Continuing Operations before Income Taxes</b>	<b>\$28,136</b>	<b>\$29,015</b>	<b>\$21,239</b>	<b>\$17,480</b>
Provision for Income Taxes	(13,175)	(11,724)	(7,272)	(11,120)
<b>Net Income (Loss)</b>	<b>\$14,961</b>	<b>\$17,291</b>	<b>\$13,967</b>	<b>\$6,360</b>
Net (Income) Loss Attributable to Noncontrolling Interests	-	395	(583)	(256)
<b>Net Income (Loss) Attributable to HomeAway, Inc.</b>	<b>\$14,961</b>	<b>\$17,686</b>	<b>\$13,384</b>	<b>\$6,104</b>

Note: Numbers may not sum due to rounding

# Non-GAAP / GAAP Reconciliation: Free Cash Flow

\$ Thousands	2012	2013	2014	TTM 3Q15
<b>Cash provided by operations</b>	\$95,403	\$104,362	\$145,364	\$153,043
Cash paid for interest	-	-	253	503
Excess tax benefit from stock-based compensation	7,122	8,226	3,092	8,670
Capital expenditures	(17,260)	(19,616)	(31,647)	(34,983)
<b>Free cash flow</b>	<b>\$85,265</b>	<b>\$92,972</b>	<b>\$117,062</b>	<b>\$127,233</b>

Note: Numbers may not sum due to rounding