Expedia, Inc.
Form S-4/A
December 08, 2015

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As filed with the Securities and Exchange Commission on December 8, 2015

Registration No. 333-208025

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2
to
FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

EXPEDIA, INC.

(Exact name of registrant as specified in its charter)

Delaware	**4700**	**20-2705720**
(State or other jurisdiction of	**(Primary Standard Industrial**	**(I.R.S. Employer**

incorporation or organization)	**Classification Code Number)**	**Identification Number)**

333 108th Avenue N.E.

Bellevue, WA 98004

(425) 679-7200

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Robert J. Dzielak, Esq.

General Counsel and Secretary

Expedia, Inc.

333 108th Avenue N.E.

Bellevue, WA 98004

(425) 679-7200

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Andrew J. Nussbaum, Esq.	**Melissa Frugé, Esq.**	**Paul R. Tobias, Esq.**
Wachtell, Lipton, Rosen & Katz	**Senior Vice President, General**	**Robert T. Ishii, Esq.**
51 West 52nd Street	**Counsel and Secretary**	**Wilson Sonsini Goodrich & Rosati, P.C.**
New York, New York 10019	**HomeAway, Inc.**	**900 South Capital of Texas Hwy**
(212) 403-2000	**1011 W. Fifth Street, Suite 300**	**Las Cimas IV, Fifth Floor**
	Austin, Texas 78703	**Austin, TX 78746-5546**
	(512) 684-1100	**(512) 338-5400**

Approximate date of commencement of proposed sale of the securities to the public: November 16, 2015, the date on which the preliminary prospectus and tender offer materials are filed and sent to securityholders. The offer cannot, however, be completed prior to the time this Registration Statement becomes effective. Accordingly, any actual sale or purchase of securities pursuant to the offer will occur only after this Registration Statement is effective, subject to the conditions to the transactions described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

If applicable, place an x in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ¨

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this document is not complete and may change. The registrant may not complete the offer and issue these securities until the registration statement filed with the U.S. Securities and Exchange Commission is effective. This document is not an offer to sell these securities, and the registrant is not soliciting an offer to buy these securities, in any state or jurisdiction in which such offer is not permitted.

PRELIMINARY AND SUBJECT TO CHANGE, DATED DECEMBER 8, 2015

Offer by

HMS 1 INC.,

a direct wholly owned subsidiary of

EXPEDIA, INC.

to Exchange Each Outstanding Share of Common Stock of

HOMEAWAY, INC.

for

$10.15 in cash

and

0.2065 of a share of common stock of Expedia, Inc.

THE OFFER AND THE WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, EASTERN STANDARD TIME, AT THE END OF DECEMBER 14, 2015, UNLESS EXTENDED OR TERMINATED.

Expedia, Inc. (Expedia), a Delaware corporation, through its direct wholly owned subsidiary HMS 1 Inc., a Delaware corporation (the Offeror), is offering, upon the terms and subject to the conditions set forth in this prospectus/offer to exchange and in the accompanying letter of transmittal, to exchange for each outstanding share of common stock of HomeAway, Inc., a Delaware corporation (HomeAway), par value $0.0001 per share (HomeAway common stock and such shares of HomeAway common stock, HomeAway shares), validly tendered and not validly withdrawn in the offer:

$10.15 in cash; and

0.2065 of a share of Expedia common stock, par value $0.0001 per share (Expedia common stock and such shares of Expedia common stock, Expedia shares), together with cash in lieu of any fractional shares of Expedia common stock;

in each case, without interest and less any applicable withholding taxes.

We refer to the above as the transaction consideration.

The Offeror s obligation to accept for exchange, and to exchange, shares of HomeAway common stock for cash and shares of Expedia common stock in the offer is subject to a number of conditions, including there having been validly tendered and not validly withdrawn a number of shares of HomeAway common stock that, together with any shares of HomeAway common stock directly or indirectly owned by Expedia and the Offeror, represents at least a majority of the outstanding shares of HomeAway common stock. See The Offer Conditions of the Offer for a description of all of such conditions.

The offer is being made pursuant to an Agreement and Plan of Reorganization (the transaction agreement), dated November 4, 2015, among Expedia, the Offeror and HomeAway. A copy of the transaction agreement is attached to this document as Annex A.

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The purpose of the offer is for Expedia to acquire control of, and ultimately the entire equity interest in, HomeAway. The offer is the first step in Expedia s plan to acquire all of the outstanding HomeAway shares. If the offer is completed and as a second step in such plan, Expedia intends to consummate as soon as practicable following the consummation of the offer, a merger of the Offeror with and into HomeAway, with HomeAway surviving the merger (which we refer to as the first merger). The purpose of the first merger is for Expedia to acquire all HomeAway shares that it did not acquire in the offer. In the first merger, each outstanding HomeAway share that was not acquired by Expedia or the Offeror (other than certain dissenting, converted or cancelled shares, as described further in this document) will be converted into the right to receive the transaction consideration. Upon the consummation of the first merger, the HomeAway business will be held in a wholly owned subsidiary of Expedia, and the former HomeAway stockholders will no longer have any direct ownership interest in the surviving corporation. If the offer is completed, such that Expedia accordingly owns at least a majority of HomeAway s outstanding common stock, the first merger will be governed by Section 251(h) of the General Corporation Law of the State of Delaware (the DGCL), and accordingly no stockholder vote will be required to complete the first merger. Immediately following the first merger and as the final step in Expedia s plan to acquire all of the outstanding shares of HomeAway common stock, the surviving corporation will merge with and into Expedia (which we refer to as the second merger and together with the first merger, the mergers), with Expedia surviving the second merger.

The board of directors of HomeAway unanimously determined that the terms of the transaction agreement and the terms of the offer, the mergers and the other transactions contemplated by the transaction agreement are fair to, and in the best interests of, HomeAway and its stockholders; determined that it is in the best interests of HomeAway and its stockholders to enter into, and declared advisable, the transaction agreement; and approved the execution and delivery by HomeAway of the transaction agreement, the performance by HomeAway of its covenants and agreements contained in the transaction agreement and the consummation of the offer, the mergers and the other transactions contemplated by the transaction agreement, upon the terms, and subject to the conditions, contained in the transaction agreement. The board of directors of HomeAway has also resolved to recommend that the stockholders of HomeAway accept the offer and tender their shares of HomeAway common stock to the Offeror pursuant to the offer.

The board of directors of Expedia also unanimously determined that the terms of the transaction agreement and the transactions contemplated by the transaction agreement, including the offer and the mergers, are fair to, and in the best interests of, Expedia and its stockholders.

Expedia common stock is listed on the NASDAQ Global Select Market (the NASDAQ) under the symbol EXPE, and HomeAway common stock is listed on the NASDAQ under the symbol AWAY.

The first merger will entitle HomeAway stockholders to appraisal rights under the DGCL. To exercise appraisal rights, a HomeAway stockholder must strictly comply with all of the procedures under the DGCL. These procedures are described more fully in the section entitled The Offer Dissenters Rights.

For a discussion of certain factors that HomeAway stockholders should consider in connection with the offer, please read the section of this document entitled Risk Factors beginning on page 23.

You are encouraged to read this entire document and the related letter of transmittal carefully, including the annexes and information referred to or incorporated by reference in this document.

Neither Expedia nor the Offeror has authorized any person to provide any information or to make any representation in connection with the offer other than the information contained or incorporated by reference in this document, and if any person provides any information or makes any representation of this kind, that information or representation must not be relied upon as having been authorized by Expedia or the Offeror.

Neither the U.S. Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense.

The date of this preliminary prospectus/offer to exchange is December 8, 2015.

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This document incorporates by reference important business and financial information about Expedia, HomeAway and their respective subsidiaries from documents filed with the SEC that have not been included in or delivered with this document. This information is available without charge at the SEC s website at www.sec.gov, as well as from other sources. See Where to Obtain More Information.

You can obtain the documents incorporated by reference in this document by requesting them in writing or by telephone at the following address and telephone number:

Expedia, Inc.

HQ 333 108th Avenue NE

Bellevue, WA 98004

Attention: Investor Relations

(425) 679-3759

In addition, if you have questions about the offer or the mergers, or if you need to obtain copies of this document and the letter of transmittal or other documents incorporated by reference in this document, you may contact the information agent for this transaction. You will not be charged for any of the documents you request.

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, New York 10005

Banks and Brokers Call Collect: (212) 269-5550

All Others Call Toll-Free: (800) 622-1573

Email: HomeAway@dfking.com

If you would like to request documents, please do so by December 7, 2015, in order to receive them before the expiration of the offer.

Information included in this document relating to HomeAway, including but not limited to the descriptions of HomeAway and its business and the information under the headings Selected Historical Consolidated Financial Data of HomeAway, The Offer Background of the Offer and Mergers, The Offer HomeAway s Reasons for the Offer and th Mergers; Recommendation of HomeAway s Board of Directors, The Offer Opinion of HomeAway s Financial Advisor and The Offer Interests of Certain Persons in the Offer and the Mergers, also appears in the Solicitation/Recommendation Statement on Schedule 14D-9 dated the date of this document and filed by HomeAway with the SEC (the Schedule 14D-9). The Schedule 14D-9 is being mailed to holders of HomeAway shares as of the date of this document.

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QUESTIONS AND ANSWERS ABOUT THE OFFER AND THE MERGERS

Below are some of the questions that you as a holder of HomeAway shares may have regarding the offer and the mergers and answers to those questions. You are urged to carefully read the remainder of this document and the related letter of transmittal and the other documents to which we have referred because the information contained in this section and in the Summary is not complete. Additional important information is contained in the remainder of this document and the related letter of transmittal. See Where to Obtain More Information. As used in this document, unless otherwise indicated or the context requires, Expedia or we refers to Expedia, Inc. and its consolidated subsidiaries; the Offeror refers to HMS 1 Inc., a direct wholly owned subsidiary of Expedia; and HomeAway refers to HomeAway, Inc. and its consolidated subsidiaries.

Who is offering to buy my HomeAway shares?

Expedia, Inc., through the Offeror, its direct wholly owned subsidiary, is making this offer to exchange cash and Expedia common stock for HomeAway shares. Expedia is an online travel company, empowering business and leisure travelers through technology with the tools and information they need to efficiently research, plan, book and experience travel. Expedia seeks to grow its business through a dynamic portfolio of travel brands, including its majority-owned subsidiaries that feature the world s broadest supply portfolio including more than 271,000 properties in 200 countries, 400 airlines, packages, rental cars, cruises, as well as destination services and activities. Travel suppliers distribute and market products via Expedia s traditional desktop offerings, as well as through alternative distribution channels including mobile and social media, its private label business and its call centers in order to reach its extensive, global audience. In addition, Expedia s advertising and media businesses help other businesses, primarily travel providers, reach a large audience of travelers around the globe.

On November 4, 2015, Expedia, the Offeror and HomeAway entered into an Agreement and Plan of Reorganization, which is referred to as the transaction agreement.

What are the classes and amounts of HomeAway securities that Expedia is offering to acquire?

Expedia is seeking to acquire all issued and outstanding shares of HomeAway common stock, par value $0.0001 per share.

What will I receive for my HomeAway shares?

Expedia, through the Offeror, is offering to exchange for each outstanding HomeAway share validly tendered and not validly withdrawn in the offer:

- $10.15 in cash (the cash consideration); and

- 0.2065 of a share of Expedia common stock, par value $0.0001 per share, together with cash in lieu of any fractional shares of Expedia common stock, without interest and less any applicable withholding taxes (the stock consideration).

We refer to the cash consideration and the stock consideration above collectively as the transaction consideration.

If you do not tender your shares into the offer but the first merger is completed (pursuant to Section 251(h) of the DGCL without a stockholder vote), you will also receive the transaction consideration in exchange for your shares of HomeAway common stock.

What will happen to my options to purchase shares of HomeAway common stock in the offer?

The offer is made only for shares of HomeAway common stock and is not made for any stock options to purchase shares of HomeAway common stock (HomeAway options). If you hold a HomeAway option that is

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exercisable you may, in accordance with the terms and conditions governing such HomeAway option, and, subject to any applicable blackout period(s), exercise the HomeAway option for shares of HomeAway common stock and thereafter participate in the offer, subject to the terms and conditions governing the offer. Any HomeAway options that remain outstanding and unexercised as of the effective time of the first merger shall be treated in accordance with the transaction agreement.

See Transaction Agreement Treatment of HomeAway Equity Awards.

What will happen to my restricted stock units and restricted stock awards relating to shares of HomeAway common stock?

The offer is made only for shares of HomeAway common stock and is not made for any restricted stock units that relate to shares of HomeAway common stock (HomeAway restricted stock units) or any restricted stock awards that relate to shares of HomeAway common stock (HomeAway restricted stock awards). Any HomeAway restricted stock units and HomeAway restricted stock awards shall be treated in accordance with the transaction agreement.

See Transaction Agreement Treatment of HomeAway Equity Awards.

Will I have to pay any fee or commission to exchange my shares of HomeAway common stock?

If you are the record owner of your shares of HomeAway common stock and you tender these shares in the offer, you will not have to pay any brokerage fees, commissions or similar expenses. If you own your shares of HomeAway common stock through a broker, dealer, commercial bank, trust company or other nominee and your broker, dealer, commercial bank, trust company or other nominee tenders your HomeAway shares on your behalf, your broker or such other nominee may charge a fee for doing so. You should consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply.

Why is Expedia making this offer?

The purpose of the offer is for Expedia to acquire control of, and ultimately the entire equity interest in, HomeAway. The offer is the first step in Expedia s plan to acquire all of the outstanding HomeAway shares, and the first merger is the second step in such plan.

In the offer, if a sufficient number of shares of HomeAway common stock are tendered into the offer such that Expedia and the Offeror will own at least a majority of the outstanding shares of HomeAway common stock, subject to the satisfaction or waiver of the other conditions to the offer, Expedia and the Offeror will accept for exchange, and exchange, the shares tendered in the offer. Then, as soon as practicable thereafter and as the second step in Expedia s plan to acquire all of the outstanding shares of HomeAway common stock, Expedia intends to consummate a merger of the Offeror with and into HomeAway, with HomeAway surviving the merger (which we refer to as the first merger). The purpose of the first merger is for Expedia to acquire all remaining shares of HomeAway common stock that it did not acquire in the offer. Upon consummation of the first merger, the HomeAway business will be held in a direct wholly owned subsidiary of Expedia, and the former stockholders of HomeAway will no longer have any direct ownership interest in the surviving corporation. If the offer is completed (such that Expedia and the Offeror will own at least a majority of the outstanding shares of HomeAway common stock), the first merger will be governed by Section 251(h) of the General Corporation Law of the State of Delaware (the DGCL), and accordingly no stockholder vote will be required to consummate the first merger.

Immediately following the first merger and as the final step in Expedia s plan to acquire all of the outstanding shares of HomeAway common stock, the surviving corporation will merge with and into Expedia (which we refer to as the second merger and together with the first merger, the mergers), with Expedia surviving the second merger.

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What does the HomeAway board of directors recommend?

The HomeAway board of directors unanimously determined that the terms of the transaction agreement and the terms of the offer, the mergers and the other transactions contemplated by the transaction agreement are fair to, and in the best interests of, HomeAway and its stockholders; determined that it is in the best interests of HomeAway and its stockholders to enter into, and declared advisable, the transaction agreement; and approved the execution and delivery by HomeAway of the transaction agreement, the performance by HomeAway of its covenants and agreements contained in the transaction agreement and the consummation of the offer, the mergers and the other transactions contemplated by the transaction agreement, upon the terms, and subject to the conditions, contained in the transaction agreement. The HomeAway board of directors has also resolved to recommend that the stockholders of HomeAway accept the offer and tender their shares of HomeAway common stock to the Offeror pursuant to the offer.

See The Offer HomeAway s Reasons for the Offer and the Mergers; Recommendation of HomeAway s Board of Directors for more information. A description of the reasons for this recommendation is also set forth in HomeAway s Solicitation/Recommendation Statement on Schedule 14D-9 (the Schedule 14D-9) that is being mailed to you together with this document.

What are the most significant conditions of the offer?

The offer is conditioned upon, among other things, the following:

Minimum Tender Condition HomeAway stockholders having validly tendered and not validly withdrawn in accordance with the terms of the offer and prior to the expiration of the offer a number of shares of HomeAway common stock that, together with any shares of HomeAway common stock then owned by Expedia and the Offeror, represents at least a majority of all then-outstanding shares of HomeAway common stock (the minimum tender condition);

Regulatory Approvals Any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act) having expired or been terminated, and the parties having received any applicable approvals, consents or clearances under the competition laws of Germany and Australia;

Effectiveness of Form S-4 The registration statement on Form S-4, of which this document is a part, having become effective under the U.S. Securities Act of 1933, as amended (the Securities Act), and must not be the subject of any stop order or proceeding seeking a stop order;

No HomeAway Material Adverse Effect There not having occurred (i) any material adverse effect on the ability of HomeAway to consummate the transactions prior to May 4, 2016 or (ii) any change, effect, development, circumstance, condition, state of facts, event or occurrence after the date of the transaction agreement that would reasonably be expected to have, individually or in the aggregate, a material adverse effect on HomeAway (with such term as defined in the transaction agreement and described under Transaction Agreement Material Adverse Effect), and that is continuing as of immediately prior to the expiration of the offer;

No Expedia Material Adverse Effect There not having occurred (i) any material adverse effect on the ability of Expedia to consummate the transactions prior to May 4, 2016 or (ii) any change, effect, development, circumstance, condition, state of facts, event or occurrence after the date of the transaction agreement that would reasonably be expected to have, individually or in the aggregate, a material adverse effect on Expedia (with such term as defined in the transaction agreement and described under Transaction Agreement Material Adverse Effect), and that is continuing as of immediately prior to the expiration of the offer;

Accuracy of HomeAway s Representations and Warranties the representations and warranties of HomeAway contained in the transaction agreement being true and correct as of the expiration date of the offer, subject to specified materiality standards;

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HomeAway s Compliance with Covenants HomeAway must have performed or complied in all material respects with the covenants and agreements required to be performed or complied with by it under the transaction agreement prior to the expiration of the offer;

Listing of Expedia Common Stock The shares of Expedia common stock to be issued in the offer and the first merger having been approved for listing on the NASDAQ, subject to official notice of issuance;

No Legal Prohibition No law, order or injunction restraining or enjoining or otherwise prohibiting the consummation of the offer or the mergers must have been enacted, issued, promulgated or granted by a governmental entity of competent jurisdiction; and

Tax Opinions The receipt of a written opinion by each of Expedia and HomeAway from its legal counsel, dated as of the date of the expiration of the offer, to the effect that the offer and the mergers, taken together, will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code).

The offer is subject to certain other conditions set forth below in the section entitled The Offer Conditions of the Offer. The conditions to the offer are for the sole benefit of Expedia and the Offeror and may be asserted by Expedia or the Offeror regardless of the circumstances giving rise to any such condition or may be waived by Expedia or the Offeror, by express and specific action to that effect, in whole or in part at any time and from time to time, in each case. However, certain specified conditions (including all the conditions noted above other than the conditions related to a material adverse effect of HomeAway, accuracy of HomeAway s representations and HomeAway s compliance with covenants) may only be waived by Expedia or the Offeror with the express written consent of HomeAway. Pursuant to the transaction agreement, HomeAway has the right to require that Expedia and the Offeror waive the conditions set forth in the fifth and tenth bullets above (no material adverse effect on Expedia and receipt of tax opinions). There is no financing condition to the offer.

How long will it take to complete the proposed transaction?

The transaction is expected to be completed in mid-December 2015, subject to the satisfaction or waiver of the conditions described in The Offer Conditions of the Offer and Transaction Agreement Conditions of the Mergers.

How long do I have to decide whether to tender my HomeAway shares in the offer?

The offer is scheduled to expire at 12:00 midnight, Eastern Standard Time, at the end of December 14, 2015, unless extended or terminated. Any extension, delay, termination, waiver or amendment of the offer will be followed as promptly as practicable by public announcement thereof to be made no later than 9:00 a.m., Eastern time, on the next business day after the previously scheduled expiration date. During any such extension, all HomeAway shares previously tendered and not validly withdrawn will remain subject to the offer, subject to the rights of a tendering stockholder to withdraw such stockholder s shares. Expiration date means 12:00 midnight, Eastern Standard Time, at the end of December 14, 2015, unless and until the Offeror has extended the period during which the offer is open, subject to the terms and conditions of the transaction agreement, in which event the term expiration date means the latest time and date at which the offer, as so extended by the Offeror, will expire.

Subject to the provisions of the transaction agreement and the applicable rules and regulations of the SEC, and unless HomeAway consents otherwise or the transaction agreement is otherwise terminated, the Offeror must (1) extend the offer in the event that any of the offer conditions (including the minimum tender condition) have not been satisfied or waived as of any then scheduled expiration of the offer, for periods of up to ten business days each in order to permit the satisfaction of the conditions to the offer, and (2) extend the offer for any period required by any law, rule, regulation, interpretation or position of the SEC or its staff or NASDAQ which is applicable to the offer or the mergers. However, the Offeror is not required to extend the offer beyond May 4, 2016 (which is the outside date).

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Any decision to extend the offer will be made public by an announcement regarding such extension as described under The Offer Extension, Termination and Amendment of Offer.

How do I tender my HomeAway shares?

To tender your HomeAway shares represented by physical certificates into the offer, you must deliver the certificates representing such shares, together with a completed letter of transmittal and any other documents required by the letter of transmittal, to Computershare Trust Company, N.A. (Computershare), the depositary and exchange agent (the exchange agent) for the offer, not later than the expiration date. The letter of transmittal is enclosed with this document.

To tender your HomeAway shares in electronic book entry form, you must deliver an agent s message in connection with a book-entry transfer, and any other required documents, to the exchange agent at its address set forth elsewhere in this document and follow the other procedures for book-entry tender set forth herein, not later than the expiration date.

If your HomeAway shares are held in street name (*i.e.*, through a broker, dealer, commercial bank, trust company or other nominee), these shares can be tendered by your nominee by book-entry transfer through The Depository Trust Company.

We are not providing for guaranteed delivery procedures and therefore you must allow sufficient time for the necessary tender procedures to be completed during normal business hours of The Depository Trust Company prior to the expiration date. Tenders received by the exchange agent after the expiration date will be disregarded and of no effect. In all cases, you will receive your consideration for your tendered HomeAway shares only after timely receipt by the exchange agent of certificates for such shares (or of a confirmation of a book-entry transfer of such shares) and a properly completed and duly executed letter of transmittal and any other required documents.

For a complete discussion of the procedures for tendering your HomeAway shares, see The Offer Procedure for Tendering.

Until what time can I withdraw tendered HomeAway shares?

You may withdraw your previously tendered HomeAway shares at any time until the offer has expired and, if the Offeror has not accepted your HomeAway shares for payment by January 14, 2016, you may withdraw them at any time on or after that date until the Offeror accepts shares for payment. Once the Offeror accepts your tendered HomeAway shares for payment upon or after expiration of the offer, however, you will no longer be able to withdraw them. For a complete discussion of the procedures for withdrawing your HomeAway shares, see The Offer Withdrawal Rights.

How do I withdraw previously tendered HomeAway shares?

To withdraw previously tendered HomeAway shares, you must deliver a written notice of withdrawal with the required information to the exchange agent at any time at which you have the right to withdraw shares. If you tendered HomeAway shares by giving instructions to a broker, dealer, commercial bank, trust company or other nominee, you must instruct such broker, dealer, commercial bank, trust company or other nominee to arrange for the withdrawal of your HomeAway shares and such broker, dealer, commercial bank, trust company or other nominee must effectively withdraw such HomeAway shares at any time at which you have the right to withdraw shares. For a discussion of the procedures for withdrawing your HomeAway shares, including the applicable deadlines for effecting withdrawals, see

The Offer Withdrawal Rights.

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When and how will I receive the transaction consideration in exchange for my tendered HomeAway shares?

The Offeror will exchange all validly tendered and not validly withdrawn HomeAway shares promptly after the expiration date of the offer, subject to the terms thereof and the satisfaction or waiver of the conditions to the offer, as set forth in The Offer Conditions of the Offer. The Offeror will deliver the consideration for your validly tendered and not validly withdrawn shares through the exchange agent, which will act as your agent for the purpose of receiving the transaction consideration from the Offeror and transmitting such consideration to you. In all cases, you will receive your consideration for your tendered HomeAway shares only after timely receipt by the exchange agent of certificates for such HomeAway shares (or a confirmation of a book-entry transfer of such shares as described in The Offer Procedure for Tendering) and a properly completed and duly executed letter of transmittal and any other required documents.

Why does the cover page to this document state that this offer is preliminary and subject to change, and that the registration statement filed with the SEC is not yet effective? Does this mean that the offer has not commenced?

No. Completion of this document and effectiveness of the registration statement are not necessary to commence this offer. The offer was commenced on the date of the initial filing of the registration statement on Form S-4 of which this document is a part. Expedia and the Offeror cannot, however, accept for exchange any HomeAway shares tendered in the offer or exchange any shares until the registration statement is declared effective by the SEC and the other conditions to the offer have been satisfied or waived.

What happens if I do not tender my HomeAway shares?

If, after consummation of the offer, Expedia and the Offeror own a majority of the outstanding HomeAway shares, Expedia intends to immediately complete the first merger as promptly as practicable after the consummation of the offer. Upon consummation of the first merger, each HomeAway share that has not been tendered and accepted for exchange in the offer, unless appraisal rights under Delaware law are properly exercised, will be converted in the first merger into the right to receive the transaction consideration. A letter of transmittal will be sent to you following the consummation of the offer.

Does Expedia have the financial resources to complete the offer and the mergers?

Yes. The transaction consideration will consist of Expedia common stock and cash. The offer and the mergers are not conditioned upon any financing arrangements or contingencies.

If the offer is completed, will HomeAway continue as a public company?

No. Expedia is required, on the terms and subject to the satisfaction or waiver of the conditions set forth in the transaction agreement, to consummate the first merger as soon as practicable following the purchase of HomeAway shares in the offer. If the first merger takes place, HomeAway will no longer be publicly traded. Even if for some reason the first merger does not take place, if Expedia and the Offeror purchase all HomeAway shares validly tendered and not validly withdrawn, there may be so few remaining stockholders and publicly held shares that HomeAway shares will no longer be eligible to be traded through the NASDAQ or other securities exchanges, there may not be an active public trading market for HomeAway shares, and HomeAway may no longer be required to make filings with the SEC or otherwise comply with the SEC rules relating to publicly held companies.

Will the offer be followed by a merger if all HomeAway shares are not tendered in the offer?

Yes, unless the conditions to the first merger are not satisfied or waived. If the Offeror accepts for payment and pays for all HomeAway shares validly tendered and not validly withdrawn pursuant to the offer, and the other conditions to the first merger are satisfied or waived, the first merger will take place as soon as practicable thereafter. If the first merger takes place, Expedia will own 100% of the equity of HomeAway, and all of the remaining HomeAway stockholders, other than Expedia, the Offeror, any wholly owned subsidiary of Expedia or HomeAway and any stockholders who are properly exercising their right for appraisal in compliance with the DGCL, will have the right to receive the transaction consideration.

Since the first merger will be governed by Section 251(h) of the DGCL, no stockholder vote will be required to consummate the first merger in the event that the offer is consummated. Expedia is required, on the terms and subject to the satisfaction or waiver of the conditions set forth in the transaction agreement, to consummate the first merger as promptly as practicable following the consummation of the offer. As such, Expedia does not expect there to be a significant period of time between the consummation of the offer and the consummation of the first merger.

What are the U.S. federal income tax consequences of receiving shares of Expedia common stock and cash in exchange for my HomeAway shares in the offer and the first merger?

The offer and the mergers, taken together, are intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to Expedia s obligation to complete the offer that Expedia and HomeAway each receive a written opinion from their respective legal counsel, Wachtell, Lipton, Rosen & Katz (Wachtell Lipton) and Wilson Sonsini Goodrich & Rosati, Professional Corporation (WSGR), respectively, to the effect that the offer and the mergers, taken together, will qualify as a reorganization within the meaning of Section 368(a) of the Code. Accordingly, assuming the receipt and accuracy of such opinions, a U.S. holder (as defined under Material U.S. Federal Income Tax Consequences) of shares of HomeAway common stock that receives a combination of shares of Expedia common stock and cash (other than cash received in lieu of fractional shares of Expedia common stock) in exchange for shares of HomeAway common stock pursuant to the offer and/or the first merger generally will recognize gain (but not loss) in an amount equal to the lesser of (i) the amount by which the sum of the fair market value of Expedia common stock and cash received by the U.S. holder exceeds such U.S. holder s adjusted tax basis in its shares of HomeAway common stock surrendered and (ii) the amount of cash received by such U.S. holder. Non-U.S. holders (as defined under Material U.S. Federal Income Tax Consequences) of shares of HomeAway common stock that receive the transaction consideration pursuant to the offer or the first merger may be subject to U.S. withholding tax with respect to cash received.

Each HomeAway stockholder should read the discussion under Material U.S. Federal Income Tax Consequences for a more complete discussion of the U.S. federal income tax consequences of the offer and the mergers. Tax matters can be complicated, and the tax consequences of the offer and the mergers to a particular HomeAway stockholder will depend on such stockholder s particular facts and circumstances. HomeAway stockholders should consult their own tax advisors to determine the specific consequences to them of exchanging their shares of HomeAway common stock for the transaction consideration pursuant to the offer and/or the first merger.

Will I have the right to have my HomeAway shares appraised?

Appraisal rights are not available in connection with the offer, and HomeAway stockholders who tender their shares in the offer will not have appraisal rights in connection with the mergers. However, if the Offeror accepts shares in the offer and the first merger is completed, holders of HomeAway shares will be entitled to exercise appraisal rights in connection with the first merger if they did not tender HomeAway shares in the offer, subject to and in accordance with applicable Delaware law. HomeAway stockholders who comply with the applicable statutory procedures under the DGCL will be entitled to receive a judicial determination of the fair value of their HomeAway shares (exclusive of any element of value arising from the accomplishment or expectation of the mergers) and to receive payment of such fair value in cash. Any such judicial determination of the fair value of HomeAway shares could be based upon considerations other than, or in addition to, the price paid in the offer and the market value of HomeAway shares. The value so determined could be higher or lower than the price per

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HomeAway share paid by Expedia or the Offeror pursuant to the offer and the first merger. You should be aware that opinions of investment banking firms as to the fairness from a financial point of view of the consideration payable in a sale transaction, such as the offer and the mergers, are not opinions as to fair value under applicable Delaware law.

Under Section 262 of the DGCL, where a merger is approved under Section 251(h), either a constituent corporation before the effective date of the merger, or the surviving corporation within ten days thereafter, will notify each of the holders of any class or series of stock of such constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of such constituent corporation, and will include in such notice a copy of Section 262 of the DGCL. **The Schedule 14D-9 will constitute the formal notice of appraisal rights under Section 262 of the DGCL.**

The foregoing summary of the rights of dissenting stockholders under the DGCL does not purport to be a complete statement of the procedures to be followed by HomeAway stockholders desiring to exercise any available appraisal rights under Section 262 of the DGCL, and is qualified in its entirety by the full text of Section 262 of the DGCL. See The Offer Dissenters Rights.

Whom should I call if I have questions about the offer?

You may call D.F. King & Co., Inc., the information agent, toll free at (800) 622-1573 or contact the information agent via e-mail at HomeAway@dfking.com.

Where can I find more information about Expedia and HomeAway?

You can find more information about Expedia and HomeAway from various sources described in the section of this document entitled Where to Obtain More Information.

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SUMMARY

This section summarizes material information presented in greater detail elsewhere in this document. However, this summary does not contain all of the information that may be important to HomeAway stockholders. You are urged to carefully read the remainder of this document and the related letter of transmittal, the annexes to this document and the other information referred to or incorporated by reference in this document because the information in this section and in the Questions and Answers About the Offer and the Mergers section is not complete. See Where to Obtain More Information.

The Offer and Transaction Consideration (Page 31)

Expedia, through its direct wholly owned subsidiary, the Offeror, is offering, upon the terms and subject to the conditions set forth in this prospectus/offer to exchange and in the accompanying letter of transmittal, to exchange for each outstanding share of HomeAway common stock validly tendered and not validly withdrawn in the offer:

- $10.15 in cash; and
- 0.2065 of a share of Expedia common stock, together with cash in lieu of any fractional shares of Expedia common stock;

in each case, without interest and less any applicable withholding taxes.

We refer to the above as the transaction consideration.

HomeAway stockholders will not receive any fractional shares of Expedia common stock in the offer or the first merger, and each HomeAway stockholder who otherwise would be entitled to receive a fraction of a share of Expedia common stock pursuant to the offer or the first merger will be paid an amount in cash (without interest) equal to such fractional part of a share of Expedia common stock multiplied by the volume weighted average closing sale price of one share of Expedia common stock as reported on the NASDAQ for the ten consecutive trading days ending on and including the trading day immediately prior to the final expiration date of the offer. See Transaction Agreement Fractional Shares.

Purpose of the Offer; The Mergers (Page 66)

The purpose of the offer is for Expedia to acquire control of, and ultimately the entire equity interest in, HomeAway. The offer is the first step in Expedia s plan to acquire all of the outstanding HomeAway shares, and the first merger is the second step in such plan. If the offer is completed, tendered shares of HomeAway common stock will be exchanged for the transaction consideration, and if the first merger is completed, any remaining shares of HomeAway common stock that were not tendered into the offer (other than certain dissenting, converted or cancelled shares, as described further in this document) will be converted into the right to receive the transaction consideration. The purpose of the first merger is for Expedia to acquire all HomeAway shares that it did not acquire in the offer.

Upon the consummation of the first merger, the HomeAway business will be held in a wholly owned subsidiary of Expedia, and the former Expedia stockholders will no longer have any direct ownership interest in such entity. Immediately following the first merger and as the final step in Expedia s plan to acquire all of the outstanding shares of HomeAway common stock, Expedia will consummate the second merger, in which the surviving corporation in the first merger will merge with and into Expedia, with Expedia surviving the second merger.

Expedia expects to consummate the first merger as promptly as practicable after the consummation of the offer in accordance with Section 251(h) of the DGCL, and no stockholder vote to adopt the transaction agreement or any other action by the HomeAway stockholders will be required in connection with the first merger or the second merger. See The Offer Purpose of the Offer and the Mergers.

The Companies (Page 29)

Expedia

Expedia, Inc.

333 108th Avenue N.E.

Bellevue, WA 98004

Expedia, Inc., a Delaware corporation, is an online travel company, empowering business and leisure travelers through technology with the tools and information they need to efficiently research, plan, book and experience travel. Expedia seeks to grow its business through a dynamic portfolio of travel brands, including its majority-owned subsidiaries that feature the world s broadest supply portfolio including more than 271,000 properties in 200 countries, 400 airlines, packages, rental cars, cruises, as well as destination services and activities. Travel suppliers distribute and market products via Expedia s traditional desktop offerings, as well as through alternative distribution channels including mobile and social media, its private label business and its call centers in order to reach its extensive, global audience. In addition, Expedia s advertising and media businesses help other businesses, primarily travel providers, reach a large audience of travelers around the globe.

Offeror

HMS 1 Inc.

c/o Expedia, Inc.

333 108th Avenue N.E.

Bellevue, WA 98004

The Offeror, a Delaware corporation, is a wholly owned direct subsidiary of Expedia, Inc. The Offeror is newly formed, and was organized for the purpose of making the offer and consummating the mergers. The Offeror has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and those incurred in connection with the offer and the mergers.

HomeAway

HomeAway, Inc.

1011 W. Fifth Street, Suite 300

Austin, Texas 78703

HomeAway, Inc., a Delaware corporation, operates an online marketplace for the vacation rental industry, with sites representing over one million paid listings of vacation rental homes in over 190 countries. HomeAway is headquartered in Austin, Texas and has operations in select areas internationally. The HomeAway portfolio includes the vacation rental websites HomeAway.com, VRBO.com and VacationRentals.com in the United States; HomeAway.co.uk and OwnersDirect.co.uk in the United Kingdom; HomeAway.de in Germany; Abritel.fr and Homelidays.com in France; HomeAway.es and Toprural.es in Spain; AlugueTemporada.com.br in Brazil; HomeAway.com.au and Stayz.com.au in Australia; and travelmob.com in Singapore. HomeAway also owns a majority interest in Bookabach.com.nz, a vacation rental site in New Zealand, and operates BedandBreakfast.com, a comprehensive global site for finding bed-and-breakfast properties. In addition to its online marketplace, HomeAway also offers software solutions to property managers through its HomeAway Software for Professionals and Glad to Have You products.

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Reasons for the Offer (Page 44)

The purpose of the offer is for Expedia to acquire control of, and ultimately the entire equity interest in, HomeAway. The Offeror is making the offer and Expedia plans to complete the mergers because it believes that the acquisition of HomeAway by Expedia will provide significant beneficial long-term growth prospects and increased stockholder value for the combined company.

Opinion of HomeAway s Financial Advisor (Page 46)

HomeAway retained Qatalyst Partners LP (Qatalyst Partners), to act as its financial advisor in connection with a potential transaction such as the offer and the mergers. HomeAway selected Qatalyst Partners to act as its financial advisor based on Qatalyst Partners qualifications, expertise, reputation and knowledge of the business and affairs of HomeAway and the industry in which it operates. At the meeting of the HomeAway board of directors on November 4, 2015, Qatalyst Partners rendered its oral opinion, subsequently confirmed in writing, that as of November 4, 2015 and based upon and subject to the various considerations, limitations and other matters set forth therein, the transaction consideration to be received by the holders of HomeAway common stock, other than Expedia or any affiliate of Expedia, pursuant to the transaction agreement was fair, from a financial point of view, to such holders.

The full text of the written opinion of Qatalyst Partners, dated November 4, 2015, is attached to this document as Annex B and is incorporated into this document by reference. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by Qatalyst Partners in rendering its opinion. You should read the opinion carefully in its entirety. Qatalyst Partners opinion was provided to the HomeAway board of directors and addressed only, as of the date of the opinion, the fairness from a financial point of view, of the transaction consideration to be received by the holders of HomeAway common stock, other than Expedia or any affiliate of Expedia, pursuant to the transaction agreement. It does not address any other aspect of the offer and the mergers and does not constitute a recommendation as to whether any holder of shares of HomeAway common stock should tender shares of HomeAway common stock in connection with the offer. For a further discussion of Qatalyst Partners opinion, see The Offer Opinion of HomeAway s Financial Advisor.

Expiration of the Offer (Page 61)

The offer is scheduled to expire at 12:00 midnight, Eastern Standard Time, at the end of December 14, 2015, unless extended or terminated. Expiration date means 12:00 midnight, Eastern Standard Time, at the end of December 14, 2015 unless and until the Offeror has extended the period during which the offer is open, subject to the terms and conditions of the transaction agreement, in which event the term expiration date means the latest time and date at which the offer, as so extended by the Offeror, will expire.

Extension, Termination or Amendment (Page 61)

Subject to the provisions of the transaction agreement and the applicable rules and regulations of the SEC, and unless HomeAway consents otherwise or the transaction agreement is otherwise terminated, the Offeror must (1) extend the offer in the event that any of the conditions to the offer (including the minimum tender condition) have not been satisfied or waived as of any then scheduled expiration of the offer, for periods of up to ten business days each in order to permit the satisfaction of the conditions to the offer, and (2) extend the offer for any period required by any law, rule, regulation, interpretation or position of the SEC or its staff or NASDAQ which is applicable to the offer or the mergers. However, Expedia and the Offeror are not required to extend the offer beyond May 4, 2016 (which is the outside date).

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The Offeror will effect any extension, termination, amendment or delay by giving oral or written notice to the exchange agent and by making a public announcement as promptly as practicable thereafter as described under The Offer Extension, Termination and Amendment. In the case of an extension, any such announcement will be issued no later than 9:00 a.m., Eastern time, on the next business day following the previously scheduled expiration date. Subject to applicable law (including Rules 14d-4(c) and 14d-6(d) under the Securities Exchange Act of 1934, as amended (the Exchange Act), which require that any material change in the information published, sent or given to stockholders in connection with the offer be promptly disseminated to stockholders in a manner reasonably designed to inform them of such change) and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror assumes no obligation to publish, advertise or otherwise communicate any such public announcement of this type other than by issuing (or having Expedia issue) a press release. During any extension, HomeAway shares previously tendered and not validly withdrawn will remain subject to the offer, subject to the right of each HomeAway stockholder to withdraw previously tendered HomeAway shares.

The transaction agreement provides that it may be terminated if the offer has not been consummated on or before May 4, 2016, and the Offeror may not extend the offer beyond such date without the prior written consent of HomeAway.

No subsequent offering period will be available following the expiration of the offer.

Conditions of the Offer (Page 70)

The offer is subject to certain conditions, including:

- satisfaction of the minimum tender condition (which requires HomeAway stockholders having validly tendered and not validly withdrawn prior to the expiration of the offer a number of shares of HomeAway common stock that, together with any shares of HomeAway common stock then owned by Expedia and the Offeror, represents at least a majority of all then-outstanding shares of HomeAway common stock);

- receipt of required regulatory approvals;

- lack of legal prohibitions;

- the listing of the shares of Expedia common stock to be issued in the offer and the first merger on the NASDAQ, subject to official notice of issuance;

- the receipt of opinions by each of Expedia and HomeAway from its legal counsel regarding the tax treatment of the offer and the mergers;

- the effectiveness of the registration statement on Form S-4 of which this document is a part;

- no material adverse effect (as defined in Transaction Agreement Material Adverse Effect) having occurred with respect to Expedia and its subsidiaries;

- no material adverse effect (as defined in Transaction Agreement Material Adverse Effect) having occurred with respect to HomeAway and its subsidiaries;

- the truth and accuracy of HomeAway s representations and warranties made in the transaction agreement; and

- HomeAway being in material compliance with its covenants under the transaction agreement.

The offer is subject to certain other conditions set forth in the section below entitled The Offer Conditions of the Offer. Subject to applicable SEC rules and regulations, the Offeror also reserves the right, in its sole

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discretion, at any time or from time to time to waive any condition identified as subject to waiver in The Offer Conditions of the Offer by giving oral or written notice of such waiver to the exchange agent. However, certain specified conditions (including the first seven conditions in the immediately preceding list) may only be waived by Expedia or the Offeror with the express written consent of HomeAway. Pursuant to the transaction agreement, HomeAway has the right to require that Expedia and the Offeror waive the fifth and seventh conditions in the immediately preceding list (receipt of tax opinions and no material adverse effect on Expedia).

Withdrawal Rights (Page 63)

Tendered HomeAway shares may be withdrawn at any time prior to the expiration of the offer. Additionally, if the Offeror has not agreed to accept the shares for exchange on or prior to January 14, 2016, HomeAway stockholders may thereafter withdraw their shares from tender at any time after such date until the Offeror accepts the shares for exchange. Once the Offeror accepts shares for exchange pursuant to the offer, all tenders not previously withdrawn become irrevocable.

Procedure for Tendering (Page 63)

To validly tender HomeAway shares pursuant to the offer, HomeAway stockholders must:

- deliver a properly completed and duly executed letter of transmittal, along with any required signature guarantees and any other required documents, and certificates for tendered HomeAway shares to the exchange agent at its address set forth elsewhere this document, all of which must be received by the exchange agent prior to the expiration of the offer; or

- deliver an agent s message in connection with a book-entry transfer, and any other required documents, to the exchange agent at its address set forth elsewhere in this document, and shares must be tendered pursuant to the procedures for book entry tender set forth herein (and a confirmation of receipt of that tender received), and in each case be received by the exchange agent prior to the expiration of the offer.

HomeAway stockholders who hold HomeAway shares in street name through a bank, broker or other nominee holder, and desire to tender their HomeAway shares pursuant to the offer, should instruct the nominee holder to do so prior to the expiration of the offer.

Exchange of Shares; Delivery of Cash and Shares of Expedia Common Stock (Page 62)

Upon the terms and subject to the satisfaction or waiver of the conditions of the offer (including, if the offer is extended or amended, the terms and conditions of any extension or amendment), as soon as practicable following the expiration date, the Offeror will accept for exchange, and will exchange, all HomeAway shares validly tendered and not validly withdrawn prior to the expiration of the offer.

Regulatory Approvals (Page 72)

The completion of the offer is subject to the expiration or termination of the applicable waiting periods under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), and the receipt of any applicable approvals, consents or clearances under the competition laws of Germany and Australia. These requirements and other issues are discussed under The Offer Regulatory Approvals. On November 20, 2015, the FTC granted early termination of the waiting period applicable to the offer and the mergers under the HSR Act, and accordingly this condition has been satisfied. On December 7, 2015 (U.S. time), the Australian Competition and Consumer Commission informed Expedia that it had completed its review of the offer, and accordingly this condition has been satisfied. Expedia expects to obtain the applicable approval under the competition laws of Germany by the end of the day on December 14, 2015.

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Source and Amount of Funds (Page 80)

The offer and the mergers are not conditioned upon any financing arrangements or contingencies.

Expedia estimates the aggregate amount of cash consideration required to purchase the outstanding shares of HomeAway common stock and consummate the first merger will be approximately $1.02 billion, plus related fees and expenses. Expedia anticipates that the funds needed to complete the transactions will be derived from (i) available cash on hand, (ii) a borrowing of approximately $160 million on its $1 billion existing revolving credit facility (the Revolving Credit Facility) and (iii) the net proceeds of a private placement of $750 million aggregate principal amount of 5.000% senior notes due 2026 (the Notes).

Interests of HomeAway Directors and Officers in the Offer and the Mergers (Page 73)

Certain members of the HomeAway board of directors and executive officers of HomeAway may have interests in the offer, the mergers and the other transactions contemplated by the transaction agreement that are different from, or in addition to, the interests of HomeAway stockholders generally. The HomeAway board of directors was aware of these interests and considered them, among other matters, in approving the transaction agreement and the transactions contemplated by the transaction agreement, as discussed more fully in Interests of Certain Persons in the Offer and the Mergers.

HomeAway previously entered into employment agreements with its executive officers pursuant to which each of the executive officers of HomeAway is entitled to certain payments and benefits upon a qualifying termination of employment following the effective time of the first merger, including the accelerated vesting of all outstanding, unvested HomeAway equity awards.

Pursuant to the terms of HomeAway equity awards held by directors, outstanding, such equity awards will vest if such outside director s status as a director is terminated other than upon a voluntary resignation (excluding a resignation at the request of the acquiror).

HomeAway previously entered into an employment agreement with Brian Sharples that provided that 50% of his unvested HomeAway equity awards will vest upon the effective time of the first merger, and HomeAway has agreed to accelerate the remainder of Mr. Sharples HomeAway equity awards upon the effective time of the first merger, such that 100% of his awards will vest upon the effective time of the first merger.

Members of the HomeAway board of directors and executive officers of HomeAway are entitled to indemnification and insurance coverage under the transaction agreement.

Dissenters Rights (Page 67)

No dissenters rights are available in connection with the offer, and HomeAway stockholders who tender their shares in the offer will not have dissenters rights in connection with the mergers. However, HomeAway stockholders who do not tender HomeAway shares in the offer will have dissenters rights under Delaware law in connection with the first merger, subject to and in accordance with Delaware law. See The Offer Dissenters Rights.

Comparative Market Price and Dividend Matters (Page 101)

Expedia common stock is listed on the NASDAQ under the symbol EXPE, and HomeAway common stock is listed on the NASDAQ under the symbol AWAY. The parties announced the execution of the transaction agreement after the close of trading on November 4, 2015. On November 3, 2015, the trading day before the public announcement of the transaction agreement, the closing price per HomeAway share on the NASDAQ was

$31.74, and the closing price per share of Expedia common stock on the NASDAQ was $136.39. On November 13, 2015, the most recent trading date prior to the mailing of this document, the closing price per share of HomeAway common stock on the NASDAQ was $35.77, and the closing price per share of Expedia common stock on the NASDAQ was $125.20.

The market value of the stock portion of the transaction consideration will change as the market value of Expedia common stock fluctuates during the offer period and thereafter. HomeAway stockholders should obtain current market quotations for shares of HomeAway common stock and shares of Expedia common stock before deciding whether to tender their shares of HomeAway common stock in the offer. See Comparative Market Price and Dividend Matters.

Ownership of Expedia Common Stock After the Offer and the Mergers (Page 68)

Expedia estimates that former HomeAway stockholders would own, in the aggregate, approximately 14.8% of the outstanding shares of Expedia common stock and approximately 13.5% of the outstanding shares of Expedia s capital stock (common stock and class B common stock) outstanding after the offer and the mergers, representing approximately 7.6% of the total voting power of the outstanding capital stock (common stock and class B common stock). The percentage of votes for all classes of Expedia s capital stock is based on one vote for each share of common stock and ten votes for each share of class B common stock.

For a detailed discussion of the assumptions on which this estimate is based, see The Offer Ownership of Expedia After the Offer and the Mergers.

Comparison of Stockholders Rights (Page 124)

The rights of Expedia stockholders are different in some respects from the rights of HomeAway stockholders. Therefore, HomeAway stockholders will have different rights as stockholders once they become Expedia stockholders. The differences are described in more detail under Comparison of Stockholders Rights.

Material U.S. Federal Income Tax Consequences (Page 116)

The offer and the mergers, taken together, are intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to Expedia s obligation to complete the offer that Expedia and HomeAway each receive a written opinion from their respective legal counsel, Wachtell Lipton and WSGR, respectively, to the effect that the offer and the mergers, taken together, will qualify as a reorganization within the meaning of Section 368(a) of the Code. Accordingly, assuming the receipt and accuracy of such opinions, a U.S. holder (as defined under Material U.S. Federal Income Tax Consequences) of shares of HomeAway common stock that receives a combination of shares of Expedia common stock and cash (other than cash received in lieu of fractional shares of Expedia common stock) in exchange for shares of HomeAway common stock pursuant to the offer and/or the first merger generally will recognize gain (but not loss) in an amount equal to the lesser of (i) the amount by which the sum of the fair market value of Expedia common stock and cash received by the U.S. holder exceeds such U.S. holder s adjusted tax basis in its shares of HomeAway common stock surrendered and (ii) the amount of cash received by such U.S. holder. Non-U.S. holders (as defined under Material U.S. Federal Income Tax Consequences) of shares of HomeAway common stock that receive the transaction consideration pursuant to the offer or the first merger may be subject to U.S. withholding tax with respect to cash received.

Each HomeAway stockholder should read the discussion under Material U.S. Federal Income Tax Consequences for a more complete discussion of the U.S. federal income tax consequences of the offer and the mergers. Tax matters can be complicated, and the tax consequences of the offer and the mergers to a particular

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HomeAway stockholder will depend on such stockholder s particular facts and circumstances. HomeAway stockholders should consult their own tax advisors to determine the specific consequences to them of exchanging their shares of HomeAway common stock for the transaction consideration pursuant to the offer and/or the first merger.

Accounting Treatment (Page 81)

In accordance with United States generally accepted accounting principles (GAAP), Expedia will account for the acquisition of shares through the offer and the mergers under the acquisition method of accounting for business combinations.

Questions about the Offer and the Mergers

Questions or requests for assistance or additional copies of this document may be directed to the information agent at the telephone number and addresses set forth below. Stockholders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the offer.

The information agent for the Offer is:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, New York 10005

Banks and Brokers Call Collect: (212) 269-5550

All Others Call Toll-Free: (800) 622-1573

Email: HomeAway@dfking.com

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF EXPEDIA

The following table sets forth summary consolidated financial data for Expedia as of and for each of the five years ended December 31, 2014, 2013, 2012, 2011 and 2010 and as of and for each of the nine months ended September 30, 2015 and 2014. All references to fiscal years, unless otherwise noted, refer to the twelve-month fiscal year.

The summary consolidated financial data as of December 31, 2014 and 2013, and for the years ended December 31, 2014, 2013 and 2012, were derived from Expedia s audited consolidated financial statements included in its Current Report on Form 8-K dated November 16, 2015, previously filed with the SEC on November 16, 2015 and incorporated by reference into this document. The summary consolidated financial data as of December 31, 2012, 2011 and 2010, and for the years ended December 31, 2011 and 2010, were derived from Expedia s audited consolidated financial statements not included or incorporated by reference into this document. The summary consolidated financial data as of September 30, 2015 and 2014 and for the nine months ended September 30, 2015 and 2014 were derived from Expedia s unaudited consolidated financial statements included in its Quarterly Report on Form 10-Q for the period ended September 30, 2015, previously filed with the SEC on October 30, 2015 and incorporated by reference into this document. The summary consolidated financial data as of September 30, 2014 were derived from Expedia s unaudited consolidated financial statements not included or incorporated by reference into this document.

Such financial data should be read together with, and is qualified in its entirety by reference to, Expedia s historical consolidated financial statements and the accompanying notes and the Management s Discussion and Analysis of Financial Condition and Results of Operations, which are set forth in Expedia s Annual Report on Form 10-K for the period ended December 31, 2014, previously filed with the SEC on February 5, 2015 and incorporated by reference into this document, as updated by the above-referenced Current Report on Form 8-K dated November 16, 2015.

	Nine Months Ended September 30,		Year Ended December 31,[1]				
	2015	2014	2014	2013	2012	2011	2010
	(in thousands, except per share data)						
Consolidated statements of operations data:							
Revenue	$ 4,973,750	$ 4,407,507	$ 5,763,485	$ 4,771,259	$ 4,030,347	$ 3,449,009	$ 3,033,645
Operating income	384,089	423,058	517,764	366,060	431,724	479,609	500,787
Net income attributable to Expedia, Inc.	777,003	332,128	398,097	232,850	280,171	472,294	421,500
Earnings per share attributable to Expedia, Inc. available to common stockholders:							

Basic	6.03	2.57	3.09	1.73	2.09	3.48	2.98
Diluted	5.86	2.48	2.99	1.67	2.00	3.41	2.93
Shares used in computing earnings per share:							
Basic	128,822	129,326	128,912	134,912	134,203	135,888	141,233
Diluted	132,602	133,683	133,168	139,593	139,929	138,702	144,014
Consolidated balance sheet data (at period end):							
Cash and cash equivalents	$ 1,455,339	$ 2,252,748	$ 1,402,700	$ 1,021,033	$ 1,293,161	$ 689,134	$ 621,199
Working deficit	(2,767,774)	(704,889)	(1,262,126)	(1,075,094)	(367,809)	(278,928)	(187,792)
Total assets	12,403,273	9,424,988	9,020,538	7,739,481	7,132,746	6,505,258	6,656,922
Long-term debt(2)	2,475,425	1,746,712	1,746,787	1,249,412	1,249,345	1,249,281	1,249,221
Total liabilities	9,329,595	6,902,666	6,566,736	5,115,625	4,729,885	4,200,091	3,920,219
Redeemable noncontrolling interest	567,480	520,443	560,073	364,871	13,473		
Non-redeemable noncontrolling interest	65,150	117,091	109,462	113,521	109,129	105,303	64,159
Total stockholders equity	2,506,198	2,001,879	1,893,729	2,258,985	2,389,388	2,305,167	2,736,703
Ratio of earnings to fixed charges	9.22x	5.18x	4.80x	3.77x	4.33x	3.79x	4.72x

(1) On December 20, 2011, Expedia completed the spin-off of TripAdvisor. Immediately prior to the spin-off, Expedia effected a one-for-two reverse stock split. In order to complete the spin-off, Expedia was required to redeem the $400 million principal of its 8.5% senior notes due 2016 (8.5% Notes), which were legally extinguished in the first quarter of 2012. Accordingly, the results of operations and financial condition of TripAdvisor, and related debt extinguishment losses have been presented in discontinued operations for all periods presented. Further, all Expedia common stock information and related per share prices have been adjusted to reflect the reverse stock split.

(2) Excludes the 8.5% Notes, which were included within current liabilities of discontinued operations as of December 31, 2011 and within noncurrent liabilities of discontinued operations for December 31, 2010.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF HOMEAWAY

The following table sets forth summary consolidated financial data for HomeAway as of and for each of the five years ended December 31, 2014, 2013, 2012, 2011 and 2010 and as of and for each of the nine months ended September 30, 2015 and 2014. All references to fiscal years, unless otherwise noted, refer to the twelve-month fiscal year.

The summary consolidated financial data as of December 31, 2014 and 2013, and for the years ended December 31, 2014, 2013 and 2012, were derived from HomeAway s audited consolidated financial statements included in its Annual Report on Form 10-K for the period ended December 31, 2014, previously filed with the SEC on February 25, 2015 and incorporated by reference into this document. The summary consolidated financial data as of December 31, 2012, 2011 and 2010, and for the years ended December 31, 2011 and 2010, were derived from HomeAway s audited consolidated financial statements not included or incorporated by reference into this document. The summary consolidated financial data as of September 30, 2015 and for the nine months ended September 30, 2015 and 2014 were derived from HomeAway s unaudited consolidated financial statements included in its Quarterly Report on Form 10-Q for the period ended September 30, 2015, previously filed with the SEC on November 6, 2015 and incorporated by reference into this document. The summary consolidated financial data as of September 30, 2014 were derived from HomeAway s unaudited consolidated financial statements not included or incorporated by reference into this document.

Such financial data should be read together with, and is qualified in its entirety by reference to, HomeAway s historical consolidated financial statements and the accompanying notes and the Management s Discussion and Analysis of Financial Condition and Results of Operations which are set forth in the above-referenced Annual Report on Form 10-K.

	Nine Months Ended September 30,		Year Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
	(in thousands except per share data)						
Consolidated Statements of Operations Data[(1)]:							
Revenue:							
Listing	$ 301,281	$ 278,459	$ 371,939	$ 294,661	$ 238,413	$ 199,457	$ 152,890
Other	74,272	58,591	74,823	51,828	41,991	30,766	14,994
Total revenue	375,553	337,050	446,762	346,489	280,404	230,223	167,884
Operating income	$ 27,168	$ 32,926	$ 40,026	$ 33,821	$ 29,795	$ 22,681	$ 13,760
Net income (loss) attributable to common stockholders	$ 5,942	$ 13,222	$ 13,384	$ 17,686	$ 14,961	$ (18,500)	$ (18,290)
Net income (loss) per share attributable to common stockholders:							
Basic	$ 0.06	$ 0.14	$ 0.14	$ 0.21	$ 0.18	$ (0.31)	$ (0.48)
Diluted	$ 0.06	$ 0.14	$ 0.14	$ 0.20	$ 0.18	$ (0.31)	$ (0.48)
Weighted average number of shares outstanding:							
Basic	95,162	93,507	93,727	85,378	82,382	59,549	38,143

Diluted	97,389	96,358	96,481	88,259	84,942	59,549	38,143

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	September 30,		December 31,				
	2015	2014	2014	2013	2012	2011	2010
				(in thousands)			
Consolidated Balance Sheet Data[(1)]:							
Cash and cash equivalents	$ 301,293	$ 292,103	$ 292,325	$ 324,608	$ 189,478	$ 118,208	$ 65,697
Working capital (deficit)	720,379	626,925	634,543	220,429	121,990	72,331	(20,484)
Total assets	1,598,537	1,524,261	1,530,128	1,080,672	722,675	604,631	489,742
Convertible senior notes, net	329,905	311,738	316,181				
Total liabilities	629,688	583,707	588,578	246,733	205,642	163,622	127,851
Total redeemable and convertible preferred stock							478,965
Total stockholders equity (deficit)	959,816	930,323	931,808	823,355	517,033	441,009	(117,074)

(1) The final results of acquired businesses are included in HomeAway s consolidated financial statements beginning on the dates of acquisition. Acquisitions impacting the periods above include: AlugueTemporada.com.br in Brazil in March 2010; BedandBreakfast.com in the United States in March 2010; Escapia, Inc. in the United States in October 2010; Instant Software in the United States in October 2010; RealHolidays.com.au in Australia in April 2011; Second Porch, Inc. in the United States in April 2011; Toprural.com in Spain in April 2012; travelmob Pte. Ltd. in Singapore in August 2013; Bookabach Limited in New Zealand in November 2013; Stayz Pty Limited in Australia in December 2013; and Glad to Have You, Inc. in the United States in March 2014.

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SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The following selected unaudited pro forma condensed combined financial data has been prepared to reflect the acquisitions of HomeAway and Orbitz Worldwide, Inc. (Orbitz) by Expedia. On November 4, 2015, Expedia, HomeAway and the Offeror announced that they have entered into the transaction agreement pursuant to which Expedia has agreed to acquire HomeAway, including all of its brands. The transaction has not yet closed. Under the terms of the transaction agreement, Expedia is offering to acquire each outstanding share of HomeAway common stock in exchange for $10.15 in cash and 0.2065 of a share of Expedia common stock. In addition, on September 17, 2015, Expedia completed its acquisition of Orbitz, including all of its brands, including Orbitz, ebookers, HotelClub, CheapTickets, Orbitz Partner Network and Orbitz for Business. In addition, the selected unaudited pro forma condensed combined financial data reflects the issuance of Expedia s 5.000% Senior Notes due 2026 (the Notes).

The unaudited pro forma condensed combined balance sheet combines the historical consolidated balance sheets of Expedia and HomeAway as of September 30, 2015, giving effect to the HomeAway acquisition and the issuance of the Notes as if they had occurred on September 30, 2015. The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2015 and year ended December 31, 2014 combine the historical consolidated statements of operations of Expedia, Orbitz and HomeAway for such periods, giving effect to the completion of the HomeAway and Orbitz acquisitions and the issuance of the Notes as if they had occurred on January 1, 2014. The unaudited pro forma condensed combined statements of operations reflects Orbitz results of operations through September 16, 2015, as Orbitz results of operations subsequent to Expedia s September 17, 2015 acquisition of Orbitz are included in Expedia s results of operations. The unaudited pro forma ratio of earnings to fixed charges combines the historical information of Expedia, Orbitz and HomeAway for the year ended December 31, 2014 and nine months ended September 30, 2015, giving effect to the HomeAway and Orbitz acquisitions and the issuance of the Notes as if they had occurred on January 1, 2014. The unaudited pro forma condensed combined financial information does not give effect to the costs of any integration activities or benefits that may result from the realization of future cost savings from operating efficiencies, or any other synergies that may result from the acquisitions or changes in share price.

The summary unaudited pro forma condensed combined financial information has been prepared for informational purposes only and does not purport to represent what the actual consolidated results of operations or the consolidated financial position of Expedia would have been had the transactions occurred on the dates assumed, nor is this information necessarily indicative of future consolidated results of operations or financial position. The following information has been derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and the related notes included in this document.

Selected Unaudited Pro Forma Condensed Combined Statement of Operations

	Year Ended December 31, 2014	Nine Months Ended September 30, 2015
	(In thousands, except per share data)	
Revenue	$ 7,110,688	$ 6,005,837
Net income attributable to the Company	$ 278,245	$ 777,683
Earnings per share attributable to Expedia, Inc. available to common stockholders:		
Basic	$ 1.87	$ 5.22

Diluted	$	1.81	$	5.07
Shares used in computing earnings per share:				
Basic		149,121		149,031
Diluted		153,734		153,452

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Selected Unaudited Pro Forma Condensed Combined Balance Sheet

	September 30, 2015
	(In thousands)
Total assets	$ 17,034,114
Total liabilities	$ 11,256,162
Total stockholders equity	$ 5,197,539

Pro Forma Ratio of Earnings to Fixed Charges (at period end)

	Year Ended December 31, 2014	Nine Months Ended September 30, 2015
	(Unaudited)	
Ratio of earnings to fixed charges	2.55x	6.90x

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COMPARATIVE PER SHARE DATA

(UNAUDITED)

The following table reflects historical information about basic and diluted earnings per share, cash dividends per share, and book value per share for the nine months ended September 30, 2015 and the fiscal year ended December 31, 2014, on a historical basis, and for Expedia (including Orbitz) and HomeAway on an unaudited pro forma combined basis after giving effect to the transactions. The pro forma data of the combined company assumes the acquisition of 100% of the shares of HomeAway common stock by Expedia and was derived by combining the historical consolidated financial information of Expedia (including Orbitz) and HomeAway as described elsewhere in this document. For a discussion of the assumptions and adjustments made in preparing the pro forma financial information presented in this document, see Unaudited Pro Forma Condensed Combined Financial Statements.

HomeAway stockholders should read the information presented in the following table together with the historical financial statements of Expedia, Orbitz and HomeAway and the related notes which are incorporated herein by reference, and the Unaudited Pro Forma Condensed Combined Financial Statements appearing elsewhere in this document. The pro forma data is unaudited and for illustrative purposes only. HomeAway stockholders should not rely on this information as being indicative of the historical results that would have been achieved during the periods presented had the companies always been combined or the future results that the combined company will achieve after the consummation of the offer and the mergers. This pro forma information is subject to risks and uncertainties, including those discussed in Risk Factors.

	Expedia Historical	HomeAway Historical	Pro Forma Combined	Pro Forma Equivalent HomeAway Share[1]
Earnings per share attributable to common stockholders for the nine months ended September 30, 2015:				
Basic	$ 6.03	$ 0.06	$ 5.22	$ 1.08
Diluted	$ 5.86	$ 0.06	$ 5.07	$ 1.05
Cash dividends declared per share for the nine months ended September 30, 2015	$ 0.60	$	n/a	n/a
Book value per share as of September 30, 2015	$ 19.44	$ 10.09	$ 34.88	7.20
Earnings per share attributable to common stockholders for the year ended December 31, 2014:				
Basic	$ 3.09	$ 0.14	$ 1.87	$ 0.39
Diluted	$ 2.99	$ 0.14	$ 1.81	$ 0.37
Cash dividends declared per share for the year ended December 31, 2014	$ 0.66	$	n/a	n/a

(1) The HomeAway pro forma equivalent per share amounts were calculated by multiplying the pro forma combined amounts by the exchange ratio of 0.2065

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RISK FACTORS

HomeAway stockholders should carefully read this document and the other documents referred to or incorporated by reference into this document, including in particular the following risk factors, in deciding whether to tender shares pursuant to the offer.

Risk Factors Relating to the Offer and the Mergers

The stock portion of the transaction consideration is fixed and will not be adjusted. Because the market price of Expedia common stock may fluctuate, HomeAway stockholders cannot be sure of the market value of the transaction consideration they will receive in exchange for their HomeAway shares in connection with the transactions.

In connection with the offer and the first merger, HomeAway stockholders will receive cash and a fixed number of Expedia shares of common stock for each of their shares of HomeAway common stock (*i.e.*, 0.2065 of a share of Expedia common stock for each HomeAway share). Because the number of shares of Expedia common stock being offered as part of the transaction consideration will not vary based on the market value of Expedia common stock, the portion of the market value of the transaction consideration that you will receive in the offer or first merger that is based on the value of Expedia common stock will vary based on the price of such stock at the time you receive the transaction consideration. The market price of Expedia common stock may decline after the date of this document, after you tender your shares and/or after the offer and the first merger are completed.

A decline in the market price of Expedia common stock could result from a variety of factors beyond Expedia s control, including, among other things, the possibility that Expedia may not achieve the expected benefits of the acquisition of HomeAway as rapidly or to the extent anticipated, HomeAway s business may not perform as anticipated following the transactions, the effect of Expedia s acquisition of HomeAway on Expedia s financial results may not meet the expectations of Expedia, financial analysts or investors, or the addition and integration of HomeAway s business may be unsuccessful, take longer or be more disruptive than anticipated, as well as numerous factors affecting Expedia and its businesses that are unrelated to HomeAway.

Because the offer will not be completed until certain conditions have been satisfied or waived, a significant period of time may pass between the commencement of the offer, the time you tender your shares and the time that the Offeror accepts your shares for payment. Therefore, at the time you tender your shares of HomeAway common stock pursuant to the offer, you will not know the exact market value of the stock portion of the transaction consideration that will be issued if the Offeror accepts such shares for payment.

See Comparative Market Price and Dividend Matters of this document. You are urged to obtain current market quotations for shares of HomeAway common stock and for shares of Expedia common stock.

The offer remains subject to conditions that Expedia cannot control.

The offer is subject to conditions, including that a majority of the outstanding shares of HomeAway common stock have been validly tendered into the offer (and not validly withdrawn), receipt of required regulatory approvals, lack of legal prohibitions, no material adverse effect (with such term as defined in the transaction agreement and described under Transaction Agreement Material Adverse Effect) having occurred with respect to HomeAway or Expedia and their respective subsidiaries, the truth and accuracy of HomeAway s representations and warranties made in the transaction agreement (subject to specified materiality standards), HomeAway being in material compliance with its covenants under the transaction agreement, the listing of the shares of the Expedia common stock to be issued in the offer and the first merger being authorized for listing on the NASDAQ, the receipt of an opinion by each of Expedia and HomeAway from its legal counsel to the effect that the offer and the mergers, taken together, will qualify as a reorganization within the meaning of Section 368(a) of the Code, the registration statement on Form S-4 of which this document is a part becoming

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effective, and the transaction agreement not having been terminated in accordance with its terms. There are no assurances that all of the conditions to the offer will be satisfied or that the conditions will be satisfied in the time frame expected. If the conditions to the offer are not met, then Expedia may, subject to the terms and conditions of the transaction agreement, allow the offer to expire, or amend or extend the offer. See The Offer Conditions of the Offer for a discussion of the conditions to the offer.

If the transactions are completed, HomeAway stockholders will receive Expedia common stock as part of the transaction consideration and will accordingly become Expedia stockholders. Expedia common stock may be affected by different factors than HomeAway common stock, and Expedia stockholders will have different rights than HomeAway stockholders.

Upon consummation of the transactions, HomeAway stockholders will receive shares of Expedia common stock as part of the transaction consideration and will accordingly become Expedia stockholders. Expedia s business differs from that of HomeAway, and Expedia s results of operations and the trading price of HomeAway common stock may be adversely affected by factors different from those that would affect HomeAway s results of operations and stock price.

In addition, holders of shares of Expedia common stock will have rights as Expedia stockholders that differ from the rights they had as HomeAway stockholders before the transactions. For a comparison of the rights of Expedia stockholders to the rights of HomeAway stockholders, see Comparison of Stockholders Rights.

The receipt of shares of Expedia common stock in the offer and/or the first merger may be taxable to HomeAway stockholders.

The offer is contingent upon the receipt of an opinion by each of Expedia and HomeAway from its legal counsel to the effect that the offer and the mergers, taken together, will qualify as a reorganization within the meaning of Section 368(a) of the Code. However, if the offer and the mergers are not treated as component parts of an integrated transaction for U.S. federal income tax purposes, if the mergers are not completed or if the transaction otherwise fails to qualify as a reorganization within the meaning of Section 368(a) of the Code, the exchange of HomeAway shares for shares of Expedia common stock in the offer and/or the first merger will be taxable to such HomeAway stockholders for U.S. federal income tax purposes.

HomeAway stockholders should consult their own tax advisors to determine the specific tax consequences to them of the offer and the mergers, including any federal, state, local, foreign or other tax consequences, and any tax return filing or other reporting requirements.

Risk Factors Relating to Expedia and the Combined Company

Expedia may fail to realize all of the anticipated benefits of the offer and the mergers or those benefits may take longer to realize than expected.

The full benefits of the transactions, including the anticipated sales or growth opportunities, may not be realized as expected or may not be achieved within the anticipated time frame, or at all. Failure to achieve the anticipated benefits of the transactions could adversely affect Expedia s results of operations or cash flows, cause dilution to the earnings per share of Expedia, decrease or delay the expected accretive effect of the transactions, and negatively impact the price of Expedia common stock.

In addition, Expedia and HomeAway will be required to devote significant attention and resources prior to closing to prepare for the post-closing operation of the combined company, and Expedia will be required post-closing to devote significant attention and resources to successfully align the business practices and operations of Expedia and HomeAway. This process may disrupt the businesses and, if ineffective, would limit the anticipated benefits of the transactions.

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HomeAway s transition to a primarily transaction-based business subjects it to additional business, legal, financial and competitive risks.

Historically, HomeAway has generated revenues primarily when owners or managers of vacation rentals pay HomeAway subscription fees for the listing of their properties on the HomeAway family of sites. While subscription fees are the predominant source of revenue for HomeAway today, a minority of HomeAway s revenue is generated from a commission-based business model, where the owner or manager of the property pays HomeAway a commission on a transactional basis for each booking of the property by a traveler. HomeAway has announced its intention to transition to a business model where the primary source of its revenues would be generated on a per booking basis by expanding its practice of charging a commission to the owner or manager of a property each time a property is booked, as well as a fee to the traveler in connection with such booking. This transition involves significant additional risks and potential costs for HomeAway, including:

- delays or unanticipated costs in implementing the transition, which may delay or negate any expected benefits;
- supplier disruption similar or worse to disruptions associated with previous business model and platform migrations;
- market research that indicated higher than expected price elasticity for travelers in increasingly transparent markets such as HomeAway s market and for HomeAway s suppliers more broadly;
- suppliers and travelers may not adopt HomeAway s new payment structures as expected or at all, or may choose to transact with competitors;
- the execution risk associated with launching a new business initiative that HomeAway did not have prior experience in;
- failure to implement or expand HomeAway s technology, systems and network infrastructure in light of additional payment processing and reporting complexity, or failure to do so at a reasonable cost;
- search engine optimization, or SEO, risks;
- the higher cost of traffic reducing cost per view effectiveness and reducing HomeAway s ability to spend at the desired return on investment;
- increased risk of fraud; and

additional potential tax exposures.

These risks could have a material adverse effect on HomeAway s business and results of operations, which in turn could have a material adverse effect on Expedia s operations and financial results.

Expedia and HomeAway will incur direct and indirect costs as a result of the offer and the mergers.

Expedia and HomeAway will incur substantial expenses in connection with and as a result of completing the offer and the mergers and, following the completion of the mergers, Expedia expects to incur additional expenses in connection with combining the businesses, operations, policies and procedures of Expedia and HomeAway. Factors beyond Expedia s control could affect the total amount or timing of these expenses, many of which, by their nature, are difficult to estimate accurately. Moreover, diversion of management focus and resources from the day-to-day operation of the business to matters relating to the transactions could adversely affect each company s business, regardless of whether the offer and the mergers are completed.

Expedia s and HomeAway s actual financial positions and results of operations may differ materially from the unaudited pro forma financial data included in this document.

The pro forma financial information contained in this document is presented for illustrative purposes only and may differ materially from what Expedia s actual financial position or results of operations would have been had the transactions been completed on the dates indicated. The pro forma financial information has been derived from the audited and unaudited historical financial statements of Expedia, Orbitz Worldwide, Inc. (Orbitz), which Expedia acquired in September 2015, and HomeAway, and certain adjustments and assumptions have been made regarding the combined company after giving effect to the transactions. The assets and liabilities of Orbitz and HomeAway have been measured at fair value based on various preliminary estimates using assumptions that Expedia management believes are reasonable utilizing information currently available. The process for estimating the fair value of acquired assets and assumed liabilities requires the use of judgment in determining the appropriate assumptions and estimates. These estimates may be revised as additional information becomes available and as additional analyses are performed. Differences between preliminary estimates in the pro forma financial information and the final acquisition accounting will occur and could have a material impact on the pro forma financial information and the combined company s financial position and future results of operations.

In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect Expedia s financial condition or results of operations following the completion of the transactions. Any potential decline in Expedia s financial condition or results of operations may cause significant variations in the share price of Expedia. See Unaudited Pro Forma Condensed Combined Financial Statements.

Expedia has a substantial amount of debt (including debt incurred in connection with the offer and the mergers) and may incur additional debt in connection with the offer and the mergers or to finance other general corporate purposes.

Expedia has significant outstanding debt (including debt incurred in connection with the offer and the mergers) and other financial obligations and significant unused borrowing capacity, each of which subjects Expedia to certain risks, including (1) increasing Expedia s vulnerability to general adverse economic and industry conditions, (2) requiring Expedia to dedicate a portion of its cash flow from operations to payments on its debt, thereby reducing the availability of cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes, (3) making it difficult for Expedia to optimally capitalize and manage the cash flow of its businesses, (4) limiting Expedia s flexibility in planning for, or reacting to, changes in its business and the markets in which it operates, (5) placing Expedia at a competitive disadvantage compared to its competitors that have less debt and (6) limiting Expedia s ability to borrow additional funds or to borrow funds at rates or on other terms it finds acceptable. Expedia may incur or assume additional debt in connection with the financing of the offer and the mergers or to finance other general corporate purposes. Additionally, although the holders of HomeAway s existing convertible notes may elect to retain such notes following the offer and the mergers (which notes would then remain outstanding as an obligation of Expedia), Expedia expects instead that such holders will elect either to convert such notes or to require Expedia to repurchase such notes (depending on the price of Expedia and HomeAway common stock). If the holders do convert or require repurchase of their notes in accordance with the terms of the applicable indenture, Expedia could incur additional indebtedness on terms less favorable than those contained in the convertible notes in order to satisfy such obligations. The incurrence and/or assumption of additional debt could cause the risks described above to intensify.

The agreements governing Expedia s existing debt (including the Revolving Credit Facility and the Notes) contain (and it is expected that any agreements governing any additional debt that Expedia may incur or assume would contain) various covenants limiting Expedia s ability to effectively run its businesses. In addition, the Revolving Credit Facility requires Expedia to meet certain financial tests, including an interest coverage test and a leverage ratio test. Any failure to comply with such restrictions may result in an event of default under such agreements. Such default may allow the applicable creditors to accelerate the related debt, which acceleration may trigger cross-acceleration or cross-default provisions in other debt. In addition, lenders may be able to terminate any commitments they had made to supply Expedia with further funds (including periodic rollovers of existing borrowings).

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Furthermore, if future debt financing is not available when required or is not available on acceptable terms, Expedia may be unable to grow its business, take advantage of business opportunities, respond to competitive pressures or refinance maturing debt, any of which could have a material adverse effect on its operating results and financial condition.

Risks Related to Expedia s Business

You should read and consider the risk factors specific to Expedia s business that will also affect the combined company after the mergers. These risks are described in Expedia s Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and in Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2015, June 30, 2015 and September 30, 2015, each of which is incorporated by reference into this document, and in other documents that are incorporated by reference into this document. See Where to Obtain More Information for the location of information incorporated by reference in this document.

Risks Related to HomeAway s Business

You should read and consider the risk factors specific to HomeAway s business that will also affect the combined company after the mergers. These risks are described in HomeAway s Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and in Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2015, June 30, 2015 and September 30, 2015, each of which is incorporated by reference into this document, and in other documents that are incorporated by reference into this document. See Where to Obtain More Information for the location of information incorporated by reference in this document.

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FORWARD-LOOKING STATEMENTS

Information both included and incorporated by reference in this document may contain forward-looking statements, concerning, among other things, Expedia s and HomeAway s outlook, financial projections and business strategies, all of which are subject to risks, uncertainties and assumptions. These forward-looking statements are identified by their use of terms such as intend, plan, may, should, will, anticipate, believe, could, estimate, expect, opportunity, project and similar terms. These statements are based on certain assumptions and analyses that we believe are appropriate under the circumstances. Should one or more of these risks or uncertainties materialize, or should the assumptions prove incorrect, actual results may differ materially from those expected, estimated or projected. Management believes that these forward-looking statements are reasonable. However, we cannot guarantee that we actually will achieve these plans, intentions or expectations, including completing the offer and the mergers on the terms summarized in this document. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to publicly update or revise any of them in light of new information, future events or otherwise. Factors that could have a material adverse effect on Expedia s operations and future prospects or the consummation of the offer and the mergers include, but are not limited to:

- failure to satisfy the conditions to consummate the offer and the mergers;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the transaction agreement;
- the failure of the offer or the mergers to close in a timely manner or at all for any other reason;
- the amount of the costs, fees, expenses and charges related to the offer and the mergers;
- the ability to successfully integrate Expedia and HomeAway following completion of the transactions;
- realization of the expected benefits of the transactions in a timely manner or at all;
- effects of the pendency of the transactions on relationships with employees, suppliers, customers and other business partners;
- general political, economic and business conditions and industry conditions;
- challenges to intellectual property;
- global economic growth and activity;

- industry conditions;
- changes in laws or regulations or adverse government action; and
- the ability to implement and achieve business strategies successfully.

These risks and uncertainties, along with the risk factors discussed under Risk Factors in this document, should be considered in evaluating any forward-looking statements contained in this document. All forward-looking statements speak only as of the date of this document. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are qualified by the cautionary statements in this section.

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THE COMPANIES

Expedia

Expedia, Inc., a Delaware corporation, is an online travel company, empowering business and leisure travelers through technology with the tools and information they need to efficiently research, plan, book and experience travel. Expedia seeks to grow its business through a dynamic portfolio of travel brands, including its majority-owned subsidiaries that feature the world s broadest supply portfolio including more than 271,000 properties in 200 countries, 400 airlines, packages, rental cars, cruises, as well as destination services and activities. Travel suppliers distribute and market products via Expedia s traditional desktop offerings, as well as through alternative distribution channels including mobile and social media, its private label business and its call centers in order to reach its extensive, global audience. In addition, Expedia s advertising and media businesses help other businesses, primarily travel providers, reach a large audience of travelers around the globe.

Expedia s extensive brand portfolio includes leading online travel brands, such as:

Expedia.com®, a leading full service online travel agency with localized sites in 32 countries

Hotels.com®, the hotel specialist that offers Hotels.com® Rewards and Secret Prices through its mobile booking apps and localized websites in more than 65 countries

Hotwire®, a leading discount travel site that offers Hot Rate® Hotels, Hot Rate® Cars and Hot Rate® Airfares, as well as vacation packages

Orbitz Worldwide, a global travel portfolio including Orbitz, ebookers, HotelClub and CheapTickets, brands and business-to-business offerings, including Orbitz Partner Network and Orbitz for Business

Travelocity®, a pioneer in online travel and a leading online travel agency in the US and Canada

Egencia®, a leading corporate travel management company

Venere.com , an online hotel reservation specialist in Europe

trivago®, a leading online hotel search with sites in 52 countries worldwide

Wotif Group, a leading portfolio of travel brands operating in the Australia/New Zealand region, including Wotif.com®, Wotif.co.nz, lastminute.com.au®, lastminute.com.nz and travel.com.au®

Expedia Local Expert®, a provider of online and in-market concierge services, activities, experiences and ground transportation in hundreds of destinations worldwide

Classic Vacations®, a top luxury travel specialist

Expedia® CruiseShipCenters®, a provider of exceptional value and expert advice for travelers booking cruises and vacations through its network of 200 retail travel agency franchises across North America

CarRentals.com , the premier car rental booking company on the web

Expedia® Affiliate Network (EAN), which powers bookings for some of the world s leading airlines and hotels, top consumer brands, high traffic websites, and thousands of active affiliates

Expedia s shares of common stock are traded on the NASDAQ under the ticker symbol EXPE.

The address of Expedia s principal executive offices is 333 108th Avenue N.E., Bellevue, WA 98004. Expedia s telephone number is (425) 679-7200.

Expedia also maintains an Internet site at www.expediainc.com. Expedia s website and the information contained therein or connected thereto shall not be deemed to be incorporated herein, and you should not rely on any such information in making an investment decision.

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Offeror

The Offeror, a Delaware corporation, is a direct wholly owned subsidiary of Expedia, Inc. The Offeror is newly formed, and was organized for the purpose of making the offer and consummating the mergers. The Offeror has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and those incurred in connection with the offer and the mergers. The Offeror s address is c/o Expedia Inc., 333 108th Avenue N.E., Bellevue, WA 98004.

HomeAway

HomeAway, Inc., a Delaware corporation, operates an online marketplace for the vacation rental industry, with sites representing over one million paid listings of vacation rental homes in over 190 countries. HomeAway is headquartered in Austin, Texas and has operations in select areas internationally. The HomeAway portfolio includes the vacation rental websites HomeAway.com, VRBO.com and VacationRentals.com in the United States; HomeAway.co.uk and OwnersDirect.co.uk in the United Kingdom; HomeAway.de in Germany; Abritel.fr and Homelidays.com in France; HomeAway.es and Toprural.es in Spain; AlugueTemporada.com.br in Brazil; HomeAway.com.au and Stayz.com.au in Australia; and travelmob.com in Singapore. HomeAway also owns a majority interest in Bookabach.com.nz, a vacation rental site in New Zealand, and operates BedandBreakfast.com, a comprehensive global site for finding bed-and-breakfast properties. In addition to its online marketplace, HomeAway also offers software solutions to property managers through its HomeAway Software for Professionals and Glad to Have You products.

HomeAway s shares of common stock are traded on the NASDAQ under the ticker symbol AWAY.

The address of HomeAway s principal executive offices is 1011 W. Fifth Street, Suite 300, Austin, Texas 78703. HomeAway s telephone number is (512) 684-1100.

HomeAway also maintains an Internet site at www.homeaway.com. HomeAway s website and the information contained therein or connected thereto shall not be deemed to be incorporated herein, and you should not rely on any such information in making an investment decision.

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THE OFFER

General

Expedia, through the Offeror, which is a direct wholly owned subsidiary of Expedia, is offering to exchange the following transaction consideration for each outstanding share of HomeAway common stock validly tendered and not validly withdrawn in the offer:

- $10.15 in cash; and

- 0.2065 of a share of Expedia common stock, together with cash in lieu of any fractional shares of Expedia common stock;

in each case, without interest and less any applicable withholding taxes.

HomeAway stockholders will not receive any fractional shares of Expedia common stock in the offer or the first merger, and each HomeAway stockholder who otherwise would be entitled to receive a fraction of a share of Expedia common stock pursuant to the offer or the first merger will be paid an amount in cash (without interest and less applicable withholding taxes) in lieu thereof.

The purpose of the offer is for Expedia to acquire control of, and ultimately the entire equity interest in, HomeAway. The offer is the first step in Expedia s plan to acquire all of the outstanding HomeAway shares, and the first merger is the second step in such plan. If the offer is completed, tendered shares of HomeAway common stock will be exchanged for the transaction consideration, and if the first merger is completed, any remaining shares of HomeAway common stock that were not tendered into the offer (other than certain dissenting, converted or cancelled shares, as described further in this document) will be converted into the right to receive the transaction consideration. If the offer is completed, Expedia intends to consummate the first merger as promptly as practicable following the consummation of the offer as the second step in such plan. The purpose of the first merger is for Expedia to acquire all HomeAway shares that it did not acquire in the offer. Upon consummation of the first merger, the HomeAway business will be held in a wholly owned subsidiary of Expedia, and the former HomeAway stockholders will no longer have any direct ownership interest in the surviving corporation. Immediately following the first merger and as the final step in Expedia s plan to acquire all of the outstanding shares of HomeAway common stock, the surviving corporation will merge with and into Expedia, with Expedia surviving the second merger.

Background of the Offer and the Mergers

The HomeAway board of directors periodically reviews and assesses HomeAway s operations and financial performance, business strategy, the various trends and conditions affecting its industry, its businesses generally and a variety of strategic alternatives reasonably available to HomeAway, including business combinations, acquisitions and other financial and strategic alternatives. From time to time over the past few years, HomeAway has had high-level discussions with other parties about the possibility of a potential business combination or other similar transaction. However, none of those historical communications progressed to the point of an actual proposal and, in each such prior instance, the HomeAway board of directors decided to continue to execute upon HomeAway s standalone strategic plan.

On February 26, 2013, HomeAway engaged Qatalyst Partners both to provide independent, ongoing advice and analysis to the HomeAway board of directors with respect to mergers and acquisitions activity in the internet and travel industry segments and to advise HomeAway in the event that a communication about a potential business combination or other similar transaction developed into an actual proposal and that the HomeAway board of directors needed a financial advisor to help the HomeAway board of directors analyze whether a potential business combination or similar transaction would be more favorable to the stockholders of HomeAway than its standalone strategic plan. From the time of engagement and at the request of the HomeAway board of directors,

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representatives of Qatalyst Partners would periodically discuss with the HomeAway board of directors various aspects of HomeAway s industry, business generally, and the climate for potential business combinations and other financial and strategic alternatives.

In the first half of November 2014, an executive at Company A contacted Carl Shepherd, one of HomeAway s co-founders and a member of the HomeAway board of directors, and orally expressed an interest in acquiring HomeAway. Mr. Shepherd encouraged the executive to make a written proposal to the HomeAway board of directors. In a subsequent communication, the executive at Company A indicated orally to representatives of Qatalyst Partners that Company A was potentially interested in an acquisition of HomeAway, but in early December, 2014, the executive indicated that Company A determined not to make an acquisition proposal at that time.

On May 18, 2015, during a business development meeting between Mr. Shepherd and an executive at Company B, the executive at Company B raised the possibility of Company B making a strategic investment in HomeAway and entering into a commercial agreement. No substantive business terms were proposed or discussed by the executive at Company B at that time. HomeAway offered to host a follow-up meeting with Company B, but no follow-up meeting occurred and Company B did not contact HomeAway about its proposal again.

In the early summer of 2015, Company C contacted Brian Sharples, HomeAway s co-founder, chairman, president and chief executive officer, to discuss a potential business combination or other similar transaction. Company C submitted no written indication of interest or proposal, the HomeAway board of directors was uncertain of Company C s financial resources, and Company C did not provide any details regarding a potential business combination such that Mr. Sharples or HomeAway s board of directors could reasonably evaluate Company C s overture, and as a result, no further discussions were had with Company C.

In August 2015, an executive at Company D contacted Mr. Shepherd to discuss the possibility of making a strategic investment in HomeAway and entering into a commercial agreement. No substantive business terms were proposed or discussed and after its initial contact Company D did not contact HomeAway or any of its representatives again. However, as a result of this and the other unsolicited inbound inquiries that HomeAway had received, the HomeAway board of directors requested that Qatalyst Partners provide an update on the mergers and acquisitions market in the internet and travel industry segments.

Throughout this time, HomeAway s management and the HomeAway board of directors had discussed and considered transitioning HomeAway s business model from a largely subscription-based revenue model to a model that relied on both subscription and transaction-based revenue. The transition was uncertain and posed numerous execution and other potentially material risks. Nonetheless, in the second quarter of 2015, based on developments in the marketplace in which HomeAway operates and increased competition, HomeAway began an internal review focused on identifying initiatives that would accelerate such a transition, which, if properly executed, HomeAway management and the HomeAway board of directors believed would lead to greater profitability and increased value for HomeAway stockholders.

Throughout the third quarter of 2015, management discussed the transition to a combined subscription and transaction-based revenue model, and in August and September of 2015 began conducting preliminary analysis of the potential financial impacts of the new model.

On August 20, 2015, the HomeAway board of directors held a regularly scheduled meeting. HomeAway management and the HomeAway board of directors discussed the increased competition in HomeAway s industry and business challenges that HomeAway was facing, as well as changes HomeAway could make to its business to address some of those challenges. HomeAway had been facing those challenges for some time, and HomeAway management and the

HomeAway board of directors had discussed possible changes to HomeAway s business model on several prior occasions, including the possibility of introducing a traveler fee to grow transaction-based revenue and the transition to a subscription and transaction-based revenue model, which

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HomeAway refers to as the new business model. The HomeAway board of directors discussed the execution and other risks associated with such a transition and new business model, including customer reaction, technical challenges and the impact on stockholder value.

In anticipation of the August 20, 2015 meeting of the HomeAway board of directors, HomeAway management had prepared a preliminary operating plan reflecting how the implementation of the new business model might impact HomeAway s business. HomeAway management presented a comparison of this preliminary operating plan for the new business model with HomeAway s then-current three-year operating plan, which did not reflect the new business model. The HomeAway board of directors discussed the presentation with management at length, but felt that more information was required with respect to the assumptions underlying management s preliminary analysis of the potential financial impacts of the new business model for the HomeAway board of directors to properly analyze management s presentation. As a result, the HomeAway board of directors instructed HomeAway management to continue to refine its preliminary analysis, to conduct market research and to present a refined analysis, along with additional detail with respect to the assumptions underlying management s preliminary analysis, to the HomeAway board of directors at a later date.

In light of the foregoing discussions, the HomeAway board of directors decided to undertake an evaluation of HomeAway s standalone business plans and prospects and its financial forecasts based on those business plans, as well as of HomeAway s potential strategic alternatives, including potential strategic transactions, before making any final determination with respect to either HomeAway s standalone business plans or any strategic alternatives. As a result, the HomeAway board of directors instructed Qatalyst Partners, representatives of which had attended the August 20, 2015 board meeting at the invitation of the HomeAway board of directors, to assist with the board s review of the value of HomeAway to its stockholders as a standalone company executing on the new business model, taking into account the risks and competitive landscape faced by HomeAway, as compared to the value HomeAway s stockholders might receive in connection with a business combination or other similar transaction. As a result, although none of the overtures from Company A, Company B, Company C nor Company D had led to any specific proposal, as part of its analysis of HomeAway s standalone plan, the HomeAway board of directors determined that business conditions warranted conducting a tailored market check to determine what a potential acquirer might pay for HomeAway and whether a business combination or other similar transaction might yield more value on a risk-adjusted basis for HomeAway stockholders than executing HomeAway s standalone strategic plan. Representatives of WSGR, HomeAway s legal counsel, who regularly attended HomeAway s board meetings, discussed with the HomeAway board of directors their fiduciary obligations in the context of an analysis of a potential business combination or other similar transaction as compared to HomeAway s prospects as a standalone company.

On August 21, 2015, after consulting with representatives of Qatalyst Partners and determining the most likely financially capable parties to be interested in acquiring HomeAway, the HomeAway board of directors instructed representatives of Qatalyst Partners to contact four parties, Company A, Company E, Company F and Expedia, as part of its evaluation of HomeAway s strategic alternatives, including continuing as a standalone company.

On September 3, 2015, Company E indicated to representatives of Qatalyst Partners that it was not interested in any business combination, strategic investment or other similar transaction with HomeAway.

Between September 3 and September 18, HomeAway negotiated and entered into confidentiality agreements with Company A, Company F and Expedia. Between September 21, 2015 and September 30, 2015, HomeAway held a number of lengthy management meetings in person and by conference call with various representatives of Company A, Company F and Expedia during which in-depth financial, legal and other due diligence was conducted.

On September 30, 2015, representatives of Qatalyst Partners sent a process letter, outlining an initial bid date of October 8, 2015, to Company A, Company F and Expedia.

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On October 1, 2015, HomeAway held a follow up management meeting with representatives of Company F to provide additional detailed financial due diligence. During the meeting, management shared with Company F a preliminary draft set of financial projections, which were not approved by the HomeAway board of directors, reflecting HomeAway s new business model. The preliminary draft projections were subsequently updated and were provided to Company F on October 5, 2015. They are described in greater detail below.

Also on October 1, 2015, the HomeAway board of directors held a special telephonic meeting. Representatives of WSGR discussed the fiduciary obligations of the board of directors in connection with any potential sale of HomeAway. Mr. Sharples and representatives of Qatalyst Partners updated the board of directors on the status of discussions with Company A, Company E, Company F and Expedia. Mr. Sharples also reported on a recent change in the search algorithms of a leading search engine and the potential for such a change to impact HomeAway s business. The HomeAway board of directors discussed that this change would require an adjustment in anticipated marketing expense in management s preliminary analysis of the subscription and transaction-based revenue model. The HomeAway board of directors also discussed that although HomeAway management had provided additional information on the assumptions underlying management s preliminary analysis of the new business model, the model still did not reflect a number of risks that the board of directors had identified with respect to HomeAway s future business prospects, including, among other things, that prior adjustments to HomeAway s business model had resulted in unexpected negative impacts on user experience and HomeAway s business, that implementing a traveler fee posed technical challenges and would complicate tax reporting in foreign jurisdictions, that prior technological changes had often taken longer and been more difficult to implement than management had anticipated, and that HomeAway might have difficulty hiring and retaining the kind of technical talent that would be needed to make this transition. At this meeting, the HomeAway board of directors also authorized the formation of a transaction committee consisting of Charles Lanny Baker, Jeffrey Brody, Christopher Woody Marshall and Mr. Shepherd to be available to respond to HomeAway management quickly and efficiently on matters requiring the input of directors but not requiring a meeting of the full HomeAway board of directors.

Later on October 1, 2015, Company A sent representatives of Qatalyst Partners follow up due diligence questions in advance of a financial due diligence session scheduled to be held on October 2, 2015.

Between October 1, 2015 and October 5, 2015, HomeAway management continued to refine its preliminary analysis and built a set of projections based on that analysis, which HomeAway refers to as the October 5 projections and which are described more fully in the section entitled Prospective Financial Information. The October 5 projections were in draft form and were not approved by the HomeAway board of directors, but on October 5, 2015, they were shared, in draft form, with Company A, Company F and Expedia as part of their diligence and HomeAway s market check process.

On October 2, 2015, Company F and Expedia separately sent representatives of Qatalyst Partners due diligence request lists. Also on October 2, 2015, the HomeAway management team held two separate follow up conference calls with representatives of Expedia and Company A to provide additional detailed financial due diligence.

On October 4, 2015, Company A sent representatives of Qatalyst Partners a follow up due diligence request list. Later on October 4, 2015, and again on October 6, 2015, representatives of Qatalyst Partners provided Company A, Company F and Expedia with certain follow up diligence items prepared by the HomeAway management team.

On October 7, 2015, Company A indicated to Mr. Sharples that it would not be submitting a bid and ceased its diligence efforts.

On October 8, 2015, Expedia submitted a preliminary indication of interest to acquire HomeAway at $35.00 per share in Expedia common stock or a combination of cash and Expedia common stock. The same day, Company F indicated that it would not be submitting a bid to purchase HomeAway, but proposed an alternative transaction coupled with a commercial agreement.

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On October 9, 2015, the HomeAway board of directors held a special telephonic meeting. At the invitation of the board, members of HomeAway management, representatives of WSGR and representatives of Qatalyst Partners attended the meeting. Mr. Sharples and representatives of Qatalyst Partners summarized discussions with potential bidders to date; including the fact that Company A had declined to continue discussions and that Company F had declined to submit any indication of interest but had proposed an alternative transaction coupled with a commercial agreement. Representatives of Qatalyst Partners then summarized Expedia s acquisition proposal of $35.00 per share. The HomeAway board of directors discussed the Expedia proposal and the Company F proposal at length with members of management, representatives of WSGR and representatives of Qatalyst Partners. After discussing the benefits and risks of each of the Company F and Expedia proposals, as well as HomeAway s prospects and risks as a standalone company and the risks associated with transitioning to a new business model as a standalone company, the HomeAway board of directors instructed HomeAway management and representatives of Qatalyst Partners to continue discussions with Company F and Expedia and to seek to negotiate Expedia s proposal by indicating to Expedia that a bid in the low $40s per share likely would prevail in the competitive process while the board continued its analysis of what would yield the greatest value for HomeAway stockholders an alternative transaction coupled with a commercial agreement with Company F, a sale of HomeAway to Expedia, or executing HomeAway s standalone plan and new business model, taking into account various factors, including the risks of transitioning to a new business model as a standalone company.

On October 10, 2015, representatives of Qatalyst Partners communicated HomeAway s message regarding price to Expedia s representatives as directed by the HomeAway board of directors.

Also on October 10, 2015, with the assistance of representatives of Qatalyst Partners and representatives of WSGR, HomeAway began its diligence of Company F s alternative transaction coupled with a commercial agreement.

On October 12, 2015, representatives of Expedia called representatives of Qatalyst Partners and indicated that it could not meet the price expectations of the HomeAway board of directors and stated that it would withdraw from the bidding process at the price level being proposed by the HomeAway board of directors.

On October 13, 2015, the HomeAway board of directors held a special telephonic meeting. At the invitation of the board, members of HomeAway management, representatives of WSGR and representatives of Qatalyst Partners attended. The HomeAway board of directors received updates on the status of discussions with Company F and Expedia. Representatives of Qatalyst Partners discussed potential strategies to get Expedia to re-engage in the process. The board discussed whether it would be appropriate to expand its process and solicit indications of interest from additional parties. After considering the fact that HomeAway had contacted those parties that the board of directors believed would be most interested in an acquisition of HomeAway, that no prior overtures or discussions with respect to strategic investments or commercial partnerships had led to any written or other formal business terms or proposals, that two of the most likely candidates other than Expedia to acquire HomeAway, Company A and Company F, had declined to submit any proposal to do so, that management resources were fully occupied running HomeAway s day-to-day business operations, preparing for a transition to a new business model, analyzing the proposal from Company F and possibly reengaging with Expedia, the HomeAway board of directors determined that it was not in the best interests of HomeAway s stockholders to expand its market check process.

On October 15, 2015, representatives of Qatalyst Partners contacted an Expedia executive and discussed re-engaging in the process with an additional diligence session to enable Expedia to meet a larger group of the HomeAway executive team.

On October 15, 2015, members of HomeAway management and representatives of Qatalyst Partners met with Company F to conduct due diligence on Company F s proposed alternative transaction and commercial agreement.

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On October 16, 2015, representatives of Expedia scheduled a follow-up management meeting with HomeAway for October 19, 2015.

On October 19, 2015, HomeAway management held a conference call with representatives of Expedia. Also on October 19, 2015, representatives of Qatalyst Partners updated the HomeAway transaction committee at a telephonic meeting of the committee regarding the call representatives of Qatalyst Partners had with representatives of Expedia on October 15, 2015 and members of HomeAway management advised the transaction committee that a follow-up management meeting with representatives of Expedia had been scheduled for later that day as a result of that call.

Between October 19, 2015 and October 22, 2015, HomeAway management continued to conduct diligence on Company F s alternative transaction coupled with a commercial agreement.

On October 21, 2015, during a conversation between Dara Khosrowshahi, Expedia s president and chief executive officer, and Mr. Sharples, Mr. Khosrowshahi indicated that he would expect Mr. Sharples to remain employed with Expedia/HomeAway for a period of at least one year if Expedia were to acquire HomeAway. Mr. Sharples and Mr. Khosrowshahi did not discuss the terms of any such future employment, and agreed to postpone any further discussions on the topic until after a definitive transaction agreement had been signed. Later that day, Mr. Sharples reported the conversation with Mr. Khosrowshahi to Mr. Marshall, the head of HomeAway s compensation committee of the board, and asked that the compensation committee consider accelerating Mr. Sharples unvested equity awards if Expedia was to complete an acquisition of HomeAway, as long as it would not put the acquisition in jeopardy. Mr. Marshall agreed to submit the matter to the compensation committee for consideration to the extent that it was consistent with Expedia s transition plan.

On October 22, 2015, Expedia submitted a revised proposal to acquire all of HomeAway s common stock for $36.50 per share, consisting of up to an aggregate of $1 billion in cash and the remainder in shares of Expedia common stock. Also on October 22, 2015, at a meeting of the HomeAway board of directors, Mr. Khosrowshahi discussed with the HomeAway board of directors the background and performance of Expedia s businesses and provided an update on its integration of other recent acquisitions. The HomeAway board of directors asked numerous questions and then met in executive session to discuss Expedia s proposal and their discussion with Mr. Khosrowshahi.

Throughout this time, at the direction of the HomeAway board of directors, representatives of WSGR and representatives of Qatalyst Partners, in each case together with members of HomeAway management, continued reverse legal and financial diligence, respectively, on Expedia, and representatives of Expedia conducted legal and financial diligence on HomeAway.

On October 24, 2015, at the instruction of the HomeAway board of directors, representatives of Qatalyst Partners contacted representatives of Expedia by telephone to discuss the details of Expedia s revised offer, including the mix of cash and stock consideration and any financing needs that Expedia might have.

On October 25, 2015, the HomeAway board of directors held a special meeting to discuss the current proposals from Company F and Expedia. At the invitation of the HomeAway board of directors, members of HomeAway management and representatives of Qatalyst Partners and WSGR attended the special meeting. The HomeAway board of directors discussed the current terms proposed by Company F with respect to its proposal. Over the course of that discussion, the HomeAway board of directors came to the conclusion that the financial terms and governance restrictions proposed by Company F in connection with its alternative transaction and commercial agreement would not be beneficial to HomeAway s stockholders and would have to be significantly revised. The HomeAway board of directors instructed management to continue to negotiate for more favorable terms with Company F. Representatives of Qatalyst Partners then reported on their phone conversation with representatives of Expedia from the night before.

The HomeAway board of directors discussed Expedia s proposal and discussed strategies for increasing the price that Expedia was offering. The HomeAway board of directors also discussed the ongoing risks HomeAway faced as a standalone company and the risks associated with its transition to a new business model. The HomeAway board of directors instructed Mr. Sharples to counter Expedia s proposal at $39 per share and the meeting was then adjourned.

Later on October 25, 2015, at the instruction of the HomeAway board of directors, Mr. Sharples countered Expedia s offer of $36.50 per share at $39.00 per share. Mr. Khosrowshahi said that he would consider and discuss the counterproposal with Expedia s management and members of Expedia s executive committee and thereafter respond to Mr. Sharples counterproposal.

On October 26, 2015, Mr. Khosrowshahi called Mr. Sharples and offered $38.25 per share, consisting of up to an aggregate $1 billion in cash with the remainder in Expedia common stock at a fixed exchange ratio to be determined. Mr. Sharples reported the offer to the HomeAway board of directors and later on October 26, 2015, at the instruction of the HomeAway board of directors, representatives of Qatalyst Partners called representatives of Expedia to discuss Expedia s revised offer. Representatives of Qatalyst Partners asked whether Expedia would increase the aggregate amount of cash in the offer and to consider offering downside protection on the stock portion of the offer. Representatives of Expedia replied that Expedia would offer an aggregate $1 billion in cash, rather than up to an aggregate of $1 billion in cash, that it would not offer any downside protection on the stock portion of the offer and that its offer was best and final. Later in the day on October 26, 2015, representatives of Qatalyst Partners reviewed Expedia s offer with the HomeAway board of directors.

Between October 26, 2015 and the next meeting of the HomeAway board of directors on October 27, 2015, at the instruction of the HomeAway board of directors, representatives of Qatalyst Partners contacted Company A and inquired whether it would submit a proposal to acquire HomeAway and Mr. Sharples contacted Company F and inquired whether it would submit a proposal to acquire HomeAway. Neither Company A nor Company F submitted such a proposal.

On October 27, 2015, the HomeAway board of directors met to discuss Expedia s best and final offer. At the invitation of the HomeAway board of directors, members of HomeAway management, representatives of Qatalyst Partners and representatives of WSGR attended the special meeting. The HomeAway board of directors discussed whether any of the previous companies that had been contacted would be likely to submit a bid to acquire HomeAway and determined that it was not likely. The HomeAway board of directors asked whether Company F had revised its proposal for an alternative transaction coupled with a commercial agreement and was advised that it had not done so and that Company F indicated it was not likely to make any significant changes to its existing proposal. As a result, the HomeAway board of directors instructed management to terminate discussions with Company F. Discussion among the members of the HomeAway board of directors, representatives of WSGR and representatives of Qatalyst Partners regarding Expedia s revised offer ensued. As part of the HomeAway board of directors analysis of Expedia s revised proposal, members of management presented the October 5 projections of HomeAway s revised revenue model. After lengthy discussion, the HomeAway board of directors determined that management s projections still did not adequately address the risks that the board of directors had identified with respect to a transition to a new business model. The HomeAway board of directors instructed management to refine the projections taking into account, at a minimum, the following risks:

- risks of supplier disruption similar or worse to supplier disruptions associated with previous business model and platform migrations;

market research that indicated higher than expected price elasticity for travelers in increasingly transparent markets such as HomeAway s market and for HomeAway s suppliers more broadly;

search engine optimization, or SEO, risks;

the higher cost of traffic reducing cost per view effectiveness and reducing HomeAway s ability to spend at the desired return on investment; and the execution risk associated with launching a new business initiative that HomeAway did not have prior experience in.

The HomeAway board of directors instructed WSGR to provide Expedia s representatives with a draft definitive transaction agreement in contemplation of a potential business combination transaction and instructed management and representatives of Qatalyst Partners to negotiate the terms of the exchange ratio that would be applied to the stock portion of Expedia s offer.

Later on October 27, 2015, representatives of Expedia expressed that it would require exclusivity in order to continue due diligence and negotiations.

On the evening of October 27, 2015 (Pacific time), at the instruction of the HomeAway board of directors, representatives of WSGR sent a proposed transaction agreement to representatives of Expedia s outside counsel at Wachtell Lipton.

On October 28, 2015, the transaction committee approved entering into a brief exclusivity period with Expedia in order to complete negotiations. A final version of an exclusivity letter was then circulated to the transaction committee copying the full HomeAway board of directors and in the afternoon of October 28, 2015, HomeAway entered into an exclusivity agreement with Expedia providing for exclusivity through November 4, 2015.

Between October 28, 2015 and October 30, 2015, at the instruction of the HomeAway board of directors, HomeAway management and representatives of WSGR negotiated the terms of the proposed transaction agreement with representatives of Wachtell Lipton and Expedia, and, together with members of HomeAway management, representatives of WSGR and representatives of Qatalyst Partners continued to conduct reverse legal and financial due diligence on Expedia, respectively, while Expedia and its financial and legal advisors continued their diligence on HomeAway.

On October 30, 2015, members of Expedia management, along with representatives of Wachtell Lipton, held a conference call with members of HomeAway management and representatives of WSGR regarding Expedia s due diligence of HomeAway. Diligence generally continued throughout the negotiation period.

On October 30, 2015, the HomeAway board of directors held a special meeting. At the invitation of the board, members of HomeAway management, representatives of Qatalyst Partners and representatives of WSGR attended the meeting. The HomeAway board of directors received an update on the status of negotiations with Expedia and unanimously ratified the exclusivity agreement that the transaction committee had approved and that HomeAway had entered into. Representatives of WSGR and representatives of Qatalyst Partners, in each case together with members of HomeAway management, reported on the status of reverse legal and financial due diligence, respectively, on Expedia.

Later on October 30, 2015, in anticipation of a meeting of the HomeAway board of directors scheduled for October 31, 2015, HomeAway management distributed revised projections to the HomeAway board of directors that addressed several of the risks and concerns that the HomeAway board of directors had raised at the October 27, 2015 meeting, which HomeAway refers to as the October 30 projections. These revised projections are discussed more fully in the section entitled Prospective Financial Information. After a lengthy discussion of the October 30 projections and the risks that HomeAway faced as a standalone company, including with respect to its implementation of a new business model and all the risks and challenges related thereto, the HomeAway board of directors approved the October 30 projections. The HomeAway board of directors then analyzed the value of the Expedia offer as it compared to HomeAway s prospects as a standalone company, taking the October 30 projections into account. Representatives of WSGR reviewed with the HomeAway board of directors their fiduciary duties and presented a summary of key terms in the proposed transaction agreement and the status of negotiations with representatives of Wachtell Lipton and Expedia. The HomeAway board of directors gave HomeAway management and WSGR guidance with respect to the key terms

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of the proposed transaction agreement and instructed HomeAway management and WSGR to continue to negotiate the terms of the proposed transaction agreement in a manner consistent with such guidance.

Also on October 30, 2015, Mr. Sharples spoke to Mr. Khosrowshahi and informed him that the HomeAway compensation committee was considering accelerating Mr. Sharples unvested equity awards in connection with Expedia s proposed acquisition of HomeAway. Mr. Marshall subsequently called Mr. Khosrowshahi and explained that the compensation committee would be considering accelerating Mr. Sharples unvested equity awards in light of Mr. Sharples significant contributions to HomeAway over the course of many years and the fact that such acceleration would not be unusual for a founding president and chief executive officer in the context of a change-of-control transaction. Mr. Marshall also stated that the compensation committee would not accelerate Mr. Sharples unvested equity awards if it would negatively impact Expedia s transition plan or Expedia s offer to acquire HomeAway. Mr. Khosrowshahi responded that Expedia would not object to accelerating Mr. Sharples unvested equity awards, and it would not affect the proposed transaction in any manner.

From October 31, 2015 through November 2, 2015, HomeAway management and representatives of WSGR negotiated the terms of the proposed transaction agreement with Expedia management and representatives of Wachtell Lipton, while HomeAway management and representatives of Qatalyst Partners discussed and negotiated with Expedia management the exchange ratio that would apply to the stock portion and the exact cash amount per share of Expedia s offer.

On November 2, 2015, representatives of Qatalyst Partners sent the October 30 projections to Expedia, which are described in greater detail below. Also on November 2, 2015, members of Expedia management, along with representatives of Wachtell Lipton, held a conference call with members of HomeAway management and representatives of WSGR regarding Expedia s due diligence of HomeAway. The parties continued to conduct due diligence on each other throughout the negotiation period.

On November 3, 2015, the HomeAway board of directors held a special meeting. At the invitation of the board, members of HomeAway management and representatives of Qatalyst Partners and WSGR attended the meeting. Representatives of WSGR again presented on the fiduciary obligations of the HomeAway board of directors in connection with a potential sale of the company. Representatives of WSGR also presented all of the material terms of, including open issues in, the draft transaction agreement. The HomeAway board of directors asked questions and discussion ensued. Representatives of Qatalyst Partners reviewed its preliminary analysis of the consideration offered by Expedia from a financial point of view with the HomeAway board of directors. The HomeAway board of directors discussed Qatalyst Partners preliminary analysis and HomeAway s prospects as a standalone company, including in the context of the October 30 projections that the HomeAway board of directors had approved on October 31, 2015. Representatives of WSGR and representatives of Qatalyst Partners, in each case together with members of HomeAway management, also presented to the board the results of their legal and financial due diligence, respectively, on Expedia. Representatives of Qatalyst Partners reported that Expedia confirmed again that its offer of $38.25 per share of HomeAway common stock was best and final. The HomeAway board of directors asked questions and discussion ensued. Once the HomeAway board of directors was satisfied that all of its questions had been answered, it gave HomeAway management, representatives of Qatalyst Partners and representatives of WSGR guidance with respect to the open issues in the draft transaction agreement and the exchange ratio that would be applied to the stock portion of Expedia s offer and instructed them to negotiate the final transaction agreement and exchange ratio in a manner consistent with such guidance. The HomeAway board of directors then adjourned the meeting to allow a meeting of HomeAway s compensation committee to take place. Members of management left the meeting and the HomeAway compensation committee met to discuss the employment compensation, severance and other employee benefit arrangements that were being considered in connection with a potential sale to Expedia, as well as the treatment of employee equity awards contemplated by the proposed transaction agreement.

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Later on November 3, 2015, members of HomeAway management, along with representatives of WSGR and Qatalyst Partners, held a conference call with members of Expedia management regarding the reverse legal and financial due diligence, respectively, of Expedia.

In the evening of November 3, 2015, based on the instructions of the HomeAway board of directors, HomeAway management and representatives of Qatalyst Partners negotiated the final offer consideration comprised of an exchange ratio of 0.2065 of a share of Expedia common stock and a cash amount of $10.15 per HomeAway share.

Through the evening of November 3, 2015 and throughout the night into the morning of November 4, 2015, within the parameters provided by the HomeAway board of directors, HomeAway management and representatives of WSGR negotiated the final transaction agreement with Expedia management and representatives of Wachtell Lipton. Following these negotiations, during the morning of November 4, 2014, representatives of WSGR circulated the final form of the definitive transaction agreement to the HomeAway board of directors.

In the afternoon of November 4, 2015, the HomeAway board of directors began a special meeting. At the invitation of the board, members of HomeAway management, representatives of Qatalyst Partners and representatives of WSGR attended the meeting. Representatives of WSGR presented the terms of the final form of the transaction agreement, all of which were within the parameters provided by the HomeAway board of directors at prior meetings. Representatives of Qatalyst Partners presented its financial analyses of the consideration to be received by HomeAway s stockholders pursuant to the final form of the transaction agreement, and the final financial terms of Expedia s offer, including Expedia s proposed $10.15 in cash and 0.2065 of a share of Expedia common stock per share of HomeAway common stock. The HomeAway board of directors discussed that, using the closing price of Expedia s common stock on November 3, 2015, the last trading day before the current HomeAway board of directors meeting, Expedia s offer represented an imputed value of $38.31 per share of HomeAway common stock. Representatives of WSGR reviewed the board s fiduciary obligations in connection with a sale of HomeAway. The HomeAway board of directors asked questions and discussions ensued. The HomeAway board of directors then temporarily adjourned to allow the HomeAway compensation committee to meet. The HomeAway compensation committee discussed and then approved the employment compensation, severance and other employee benefit arrangements contemplated as part of the sale of HomeAway to Expedia, including the treatment of employee equity awards in the final form of the transaction agreement. The HomeAway board of directors then reconvened. The HomeAway compensation committee summarized for the full board the employment compensation, severance and other employee benefit arrangements that it had approved, including the treatment of employee equity awards in the final form of the transaction agreement, which the full board subsequently ratified and approved. Representatives of Qatalyst Partners then delivered to the HomeAway board of directors Qatalyst Partners oral opinion, subsequently confirmed in writing by delivery of a written opinion dated November 4, 2015, that, as of that date and based upon and subject to the various factors, assumptions, considerations, limitations and other matters set forth in its written opinion, the consideration to be received by holders of HomeAway common stock, other than Expedia or any affiliate of Expedia, pursuant to the final form of the transaction agreement was fair, from a financial point of view, to such holders. For more information about Qatalyst Partners opinion, see the section entitled Opinion of HomeAway s Financial Advisor. After discussing the potential reasons for and against entering into a business combination transaction with Expedia, which are set forth in further detail below under the section entitled HomeAway s Reasons for the Offer and the Mergers; Recommendation of HomeAway s Board of Directors, the HomeAway board of directors concluded that Expedia s offer yielded greater value for HomeAway s stockholders than either any other proposal HomeAway had received, or was likely to receive, or executing HomeAway s strategic plan as a standalone company.

The HomeAway board of directors then unanimously (i) determined that the terms of the transaction agreement and the transactions contemplated thereby are fair to, and in the best interests of, HomeAway and its stockholders, (ii) determined that it is in the best interests of HomeAway and its stockholders and declared it advisable to enter into the transaction agreement, (iii) approved the execution and delivery by HomeAway of the transaction agreement, the performance by HomeAway of its covenants and agreements contained therein and the consummation of the offer, the mergers and the other transactions in the transaction agreement upon the terms and subject to the conditions contained therein and (iv) resolved to recommend that the stockholders of HomeAway accept the offer and tender their shares of HomeAway common stock to Expedia s acquisition subsidiary, the Offeror, pursuant to the offer.

Immediately following the close of markets in the United States on November 4, 2015, HomeAway and Expedia signed the transaction agreement and announced the transaction.

HomeAway s Reasons for the Offer and the Mergers; Recommendation of HomeAway s Board of Directors

In evaluating the transaction agreement and the transactions contemplated by the transaction agreement, including the offer and the mergers, the HomeAway board of directors consulted with members of HomeAway s senior management, as well as representatives of Qatalyst Partners and WSGR. In the course of reaching its determination that the offer and the mergers are in the best interests of HomeAway stockholders, and its recommendation that HomeAway stockholders accept the offer and tender their HomeAway shares into the offer, the HomeAway board of directors considered numerous factors, including the following material factors and benefits of the offer and the mergers, each of which the HomeAway board of directors believed supported its unanimous determination and recommendation:

Per Share Consideration. The HomeAway board of directors considered:

the fact that the per share consideration for HomeAway shares of $10.15 in cash and 0.2065 of a share of Expedia common stock, which, based on the closing trading price of Expedia common stock on November 3, 2015, the last trading day before the date of the transaction agreement, amounted to a value of $38.31 per share (the value per share), and represented a 21% premium to the closing trading price of HomeAway shares on November 3, 2015 and a 41% premium to the average closing trading price of HomeAway shares over the thirty trading days ending on and including November 3, 2015; and

the HomeAway board of directors belief that it had obtained Expedia s best and final offer, and that such value per share represented the highest per share consideration reasonably obtainable.

Business and Financial Condition of HomeAway; Challenges in a Highly Competitive Environment, Future Success and Stockholder Value, Combined Resources, Complementary Products and Partnership with Expedia. The HomeAway board of directors considered the current and historical financial condition, results of operations, business, competitive position and prospects of HomeAway. Additionally, the HomeAway board of directors also considered a number of other factors, including:

Challenges in a Highly Competitive Environment. The HomeAway board of directors considered a number of the business challenges that HomeAway was facing, including the need to increase traffic to its sites to support growing suppliers, increased competition for both supply and demand and inefficiencies in HomeAway s growth rate of conversion of traffic into revenue;

In response to those challenges the HomeAway board of directors analyzed a transition to a combined subscription and transaction-based revenue model and the risks associated with such a transition, including risks of supplier disruption similar or worse to disruptions associated with previous business model and platform migrations; market research that indicated higher than expected price elasticity for travelers in increasingly transparent markets such as HomeAway s market and for HomeAway s suppliers more broadly; search engine optimization, or SEO, risks; the higher cost of traffic reducing cost per view effectiveness and reducing HomeAway s ability to spend at the desired return on investment; and the execution risk associated with launching a new business initiative that HomeAway did not have prior experience in;

Future Success and Stockholder Value. The HomeAway board of directors considered financial projections and impact on stockholder value based both on preliminary analysis of the transition to a combined subscription and transaction-based revenue model and refined analysis and financial projections taking into account the execution and other risks associated with the proposed transition to a new business model;

Combined Resources. The HomeAway board of directors believed that the transaction would provide HomeAway with additional resources to create a technology platform that comprehensively connects global travelers with owners and managers of properties, and enhance HomeAway s transition to this new business model by permitting HomeAway to leverage Expedia s resources, experience and knowledge in a transaction-based revenue model;

Complementary Products. The HomeAway board of directors considered the complementary nature of the products and development capabilities of HomeAway and Expedia to enable the combined company to compete more effectively in current and prospective markets by offering greater breadth and depth in its travel services, an enhanced ability to develop new product offerings and the potential to build and deliver a broader offering of travel services across domestic and international markets;

Strong Partnership. In the view of the HomeAway board of directors, Expedia has an excellent management team and is a global leader in online travel; and

Future Success. Given the stock component of the consideration payable to HomeAway stockholders, HomeAway stockholders will continue to be able to meaningfully participate in HomeAway s, as well as Expedia s, future success, including as a part of a combined company that will be more diversified than HomeAway on a standalone basis.

Strategic Alternatives Process. The HomeAway board of directors belief that the value offered to HomeAway stockholders in the offer, the mergers and the other transactions contemplated by the transaction agreement were more favorable to HomeAway stockholders than the potential value of remaining an independent public company and that the value per share obtained was the highest per share consideration that was reasonably attainable. This belief was supported in part by the results of the HomeAway board of directors strategic alternatives process through which the parties that were believed to be the most able and willing to pay the highest price for HomeAway were solicited.

Qatalyst Partners Opinion. The HomeAway board of directors considered Qatalyst Partners oral opinion, subsequently confirmed in writing, to the HomeAway board of directors to the effect that, subject to the various limitations, qualifications and assumptions set forth in its written opinion, the consideration to be received by holders of HomeAway common stock (other than Expedia or any affiliate of Expedia) pursuant to the transaction agreement was fair, from a financial point of view, to such holders, as described more fully in the section entitled Opinion of HomeAway s Financial Advisor. The HomeAway board of directors was aware that Qatalyst Partners became entitled to certain fees upon rendering of its opinion and will become entitled to additional fees upon consummation of the mergers, as described more fully in the section entitled

Opinion of HomeAway s Financial Advisor.

Certainty of Value and Liquidity; Potential Participation in Growth. The HomeAway board of directors considered the form of the consideration payable to HomeAway stockholders. The cash component of the consideration will offer HomeAway stockholders certainty as to value and liquidity, while the stock component of the consideration will potentially offer tax-free treatment to the receipt of shares of Expedia common stock, as well as the ability to participate in the future growth of Expedia and HomeAway, as a combined company.

Likelihood of Completion; Certainty of Payment. The HomeAway board of directors considered its belief that the offer and the mergers will likely be consummated, based on, among other factors:

the absence of any financing condition to consummation of the offer or the mergers;

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- the fact that Offeror s obligations to purchase (and Expedia s obligation to cause Offeror to purchase) HomeAway shares in the offer and to close the mergers are subject to limited conditions;

- the reputation and financial condition of Expedia; and

- HomeAway s ability to request the Delaware Court of Chancery to specifically enforce the transaction agreement, including the consummation of the offer and the mergers.

Other Terms of the Transaction Agreement. The HomeAway board of directors considered other terms of the transaction agreement, which are described more fully in the section entitled Transaction Agreement. Certain provisions of the transaction agreement that the HomeAway board of directors considered important included:

- *Tender Offer Structure.* The HomeAway board of directors considered the fact that the offer followed by the mergers for the same cash and stock consideration would likely enable HomeAway stockholders the opportunity to obtain the benefits of the transaction more quickly than in a one-step merger transaction;

- *Ability to Respond to Certain Unsolicited Acquisition Proposals.* The transaction agreement permits the HomeAway board of directors, in furtherance of the exercise of its fiduciary duties under Delaware law, to engage in negotiations or discussions with third parties regarding alternative transactions under certain circumstances (as described more fully in the section entitled Transaction Agreement No Solicitation of Other Offers by HomeAway);

- *Change of Recommendation.* Under certain circumstances, the HomeAway board of directors has the right to change or withdraw its recommendation to HomeAway stockholders (as described more fully in the section entitled Transaction Agreement No Solicitation of Other Offers by HomeAway);

- *Fiduciary Termination Right.* The HomeAway board of directors may terminate the transaction agreement to accept a superior proposal, if certain conditions are met, subject to the payment of a $138,000,000 termination fee to Expedia (as described more fully in the section entitled Transaction Agreement Termination of the Transaction Agreement Termination by HomeAway); and

- *Extension of Offer Period.* The fact that, unless any extension would go beyond 6 months from the date of the transaction agreement or the transaction agreement is otherwise terminated, the Offeror must extend the offer for one or more periods until the offer conditions have been satisfied.

Appraisal Rights. The HomeAway board of directors considered the availability of statutory appraisal rights under Delaware law in connection with the first merger for HomeAway stockholders.

In reaching its determinations and recommendations described above, the HomeAway board of directors also considered the following potentially negative factors:

Non-Solicitation Covenant. The HomeAway board of directors considered that the transaction agreement imposes restrictions on soliciting competing acquisition proposals from third parties.

Termination Fee. The HomeAway board of directors considered the fact that HomeAway must pay Expedia a termination fee of $138,000,000 in cash if the transaction agreement is terminated under certain limited circumstances.

Interim Operating Covenants. The HomeAway board of directors considered that the transaction agreement imposes restrictions on the conduct of HomeAway s business prior to the consummation of the first merger (as described more fully in the section entitled Transaction Agreement Conduct of Business Before Completion of the Mergers Restrictions on HomeAway s Operations).

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Risks the Offer and the Mergers May Not Be Completed. The HomeAway board of directors considered the risk that the conditions to the offer may not be satisfied and that, therefore, HomeAway shares may not be purchased pursuant to the offer and the mergers may not be consummated. The HomeAway board of directors also considered the risks and costs to HomeAway if the offer and the mergers are not consummated, including the diversion of management and employee attention, potential employee attrition, the potential effect on business relationships and the potential effect on the trading price of the HomeAway shares.

Interests of Directors and Executive Officers. The HomeAway board of directors considered the potential conflict of interest created by the fact that HomeAway s executive officers and directors have financial interests in the transactions contemplated by the transaction agreement, including the offer and the mergers, as described more fully in the section entitled The Offer Interests of Certain Persons in the Offer and the Mergers.

Regulatory Approval. The HomeAway board of directors considered the regulatory approvals under the HSR Act, in the United States, the German Act against Restraint of Competition in Germany, and the Competition and Consumer Act of 2010 in Australia, that would be required to consummate the offer and the mergers, as well as the likelihood of receiving such approvals.

The foregoing discussion of the factors considered by the HomeAway board of directors is intended to be a summary, and is not intended to be exhaustive, but rather includes the material factors considered by the HomeAway board of directors. After considering these factors, the HomeAway board of directors concluded that the positive factors relating to the transaction agreement and the transactions contemplated by the transaction agreement, including the offer and the mergers, substantially outweighed the potential negative factors. The HomeAway board of directors collectively reached the unanimous conclusion to approve the transaction agreement and the related transactions, including the offer and the mergers, in light of the various factors described above and other factors that the members of the HomeAway board of directors believed were appropriate. In view of the wide variety of factors considered by the HomeAway board of directors in connection with its evaluation of the transaction agreement and the transactions contemplated by the transaction agreement, including the offer and the mergers, and the complexity of these matters, the HomeAway board of directors did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision, and it did not undertake to make any specific determination as to whether any factor, or any particular aspect of any factor, supported or did not support its ultimate determination. Rather, the HomeAway board of directors made its recommendation based on the totality of information it received and the investigation it conducted. In considering the factors discussed above, individual directors may have given different weights to different factors.

Expedia s Reasons for the Offer and the Mergers

In reaching its decision to approve the offer, the mergers, the transaction agreement and the other transactions contemplated by the transaction agreement, Expedia s board of directors consulted with Expedia s management, as well as Expedia s legal and financial advisors, and considered a number of factors, including the following factors which it viewed as supporting its decision to approve the offer, the mergers, the transaction agreement and the other transactions contemplated by the transaction agreement (not in any relative order of importance):

the expectation that Expedia would obtain a leadership position in the fast growing, approximately $100 billion vacation rental business, which is adjacent to Expedia s core markets, by gaining access to HomeAway s relationships with approximately 1.2 million vacation rental properties;

the expectation that Expedia s transactional business model expertise would accelerate HomeAway s shift from a classified marketplace model to an online, transactional model where bookings are predominantly processed through HomeAway s sites and technology platforms, creating an enhanced user experience for HomeAway s global traveler audience and the owners and managers of its over 1.2 million properties around the world;

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the expectation that the combined company would create additional growth opportunities by leveraging the respective strengths of each business, expanding its global footprint and diversifying its revenue streams, which is expected to create long-term stockholder value;

the view that the terms and conditions of the transaction agreement and the transactions contemplated therein, including the representations, warranties, covenants, closing conditions and termination provisions, are comprehensive and favorable to completing the proposed transactions;

the fact that the transaction agreement places limitations on HomeAway s ability to seek an alternative proposal and requires HomeAway to pay Expedia a termination fee of $138 million if Expedia or HomeAway terminates the transaction agreement under certain circumstances, including if HomeAway consummates or enters into an agreement with respect to a competing acquisition proposal within a certain time period;

the anticipated short time period from announcement to completion achievable through the exchange offer structure and the expectation that the conditions to consummation of the offer and the mergers will be satisfied on a timely basis;

the amount and form of consideration to be paid in the transaction, including the fact that the exchange ratio is fixed and other financial terms of the transactions;

that former stockholders of HomeAway will own in the aggregate approximately 14.8% of the outstanding shares of Expedia common stock and approximately 13.5% of the outstanding shares of Expedia s capital stock (common stock and class B common stock), representing approximately 7.6% of the total voting power of Expedia s outstanding capital stock (common stock and class B common stock), and that Mr. Barry Diller, Chairman and Senior Executive of Expedia, will continue to control Expedia (through his own holdings and holdings of Liberty Interactive Corporation, over which Mr. Diller generally has voting control pursuant to an irrevocable proxy granted by Liberty Interactive Corporation), controlling approximately 54.2% of the outstanding total voting power of Expedia s capital stock after giving effect to the consummation of the offer and the mergers;

current financial market conditions and the current and historical market prices and volatility of, and trading information with respect to, shares of Expedia and HomeAway common stock;

the board s and management s familiarity with the business operations, strategy, earnings and prospects of each of Expedia and HomeAway (including through its existing commercial arrangement with HomeAway) and the scope and results of the due diligence investigation of HomeAway conducted by Expedia management and outside advisors; and

Expedia management s recommendation in favor of the offer and the mergers.

The Expedia board of directors also considered a variety of uncertainties and risks and other potentially negative factors concerning the transactions, including the following (not in any relative order of importance):

- the risk that the potential benefits of the acquisition may not be fully or even partially achieved, or may not be achieved within the expected timeframe;

- costs associated with the transactions;

- the risk that the transactions may not be consummated despite the parties efforts or that the closing of the transactions may be unduly delayed;

- the risks associated with the occurrence of events which may materially and adversely affect the operations or financial condition of HomeAway and its subsidiaries, which may not entitle Expedia to terminate the transaction agreement;

- the restrictions on the conduct of Expedia s business prior to the completion of the transactions, including the restrictions on acquiring or agreeing to acquire any entity or assets that would reasonably be expected to prevent or materially delay or impede the consummation of the transactions contemplated by the transaction agreement;

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- the challenges and difficulties relating to combining the operations of Expedia and HomeAway;
- the risk of diverting Expedia management focus and resources from other strategic opportunities and from operational matters while working to implement the transaction with HomeAway, and other potential disruption associated with combining the companies;
- the effects of general competitive, economic, political and market conditions and fluctuations on Expedia, HomeAway or the combined company; and
- various other risks associated with the acquisition and the businesses of Expedia, HomeAway and the combined company, some of which are described under Risk Factors.

The Expedia board of directors concluded that the potential negative factors associated with the acquisition were outweighed by the potential benefits of completing the offer and the mergers. Accordingly, the Expedia board of directors approved the transaction agreement, the offer, the mergers and the other transactions contemplated by the transaction agreement.

The foregoing discussion of the information and factors considered by the Expedia board of directors is not intended to be exhaustive, but includes the material positive and negative factors considered by the Expedia board of directors. In view of the variety of factors considered in connection with its evaluation of the acquisition, the Expedia board of directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. In addition, individual directors may have given different weights to different factors. The Expedia board of directors did not undertake to make any specific determination as to whether any factor, or any particular aspect of any factor, supported or did not support its ultimate determination. The Expedia board of directors based its determination on the totality of the information presented.

Opinion of HomeAway s Financial Advisor

HomeAway retained Qatalyst Partners to act as financial advisor to the HomeAway board of directors in connection with a potential transaction such as the offer and the mergers and to evaluate whether the transaction consideration to be received by the holders of HomeAway common stock, other than Expedia or any affiliate of Expedia, pursuant to the transaction agreement was fair, from a financial point of view, to such holders. HomeAway selected Qatalyst Partners to act as its financial advisor based on Qatalyst Partners qualifications, expertise, reputation and knowledge of the business and affairs of HomeAway and the industry in which it operates. Qatalyst Partners has provided its written consent to the reproduction of the Qatalyst Partners opinion in this document. At the meeting of the HomeAway board of directors on November 4, 2015, Qatalyst Partners rendered its oral opinion, that, as of such date and based upon and subject to the various considerations, limitations and other matters set forth therein, the transaction consideration to be received by the holders of HomeAway common stock (other than Expedia or any affiliate of Expedia) pursuant to the transaction agreement was fair, from a financial point of view, to such holders. Qatalyst Partners delivered its written opinion, dated November 4, 2015, to the HomeAway board of directors following the meeting of the HomeAway board of directors.

The full text of Qatalyst Partners written opinion, dated November 4, 2015 to the HomeAway board of directors is attached hereto as Annex A and is incorporated by reference herein. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by Qatalyst Partners in rendering its opinion. You should read the opinion carefully in its entirety. Qatalyst

Partners opinion was provided to the HomeAway board of directors and addresses only, as of the date of the opinion, the fairness from a financial point of view, of the transaction consideration to be received by the holders of HomeAway common stock (other than Expedia or any affiliate of Expedia) pursuant to the transaction agreement, and it does not address any other aspect of the offer and the mergers. It does not constitute a recommendation as to whether any holder of shares of HomeAway common stock should tender shares of

HomeAway common stock in connection with the offer and does not in any manner address the price at which HomeAway common stock or Expedia common stock will trade at any time. The summary of Qatalyst Partners opinion set forth herein is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, Qatalyst Partners reviewed the transaction agreement, certain related documents and certain publicly available financial statements and other business and financial information of HomeAway and Expedia, respectively. Qatalyst Partners also reviewed (i) certain forward-looking information relating to HomeAway prepared by the management of HomeAway, including financial projections and operating data of HomeAway (including the October 30 projections) (the HomeAway projections), and (ii) certain forward-looking information relating to Expedia prepared by the management of Expedia, including financial projections and operating data of Expedia prepared by the management of Expedia (the Expedia projections). Additionally, Qatalyst Partners discussed the past and current operations and financial condition and the prospects of HomeAway and Expedia, including information relating to certain strategic, financial and operational benefits anticipated from the offer and the mergers, with senior executives of HomeAway and Expedia. Qatalyst Partners also reviewed the historical market prices and trading activity for HomeAway common stock and Expedia common stock and compared the financial performance of HomeAway and Expedia and the prices and trading activity of HomeAway common stock and Expedia common stock with each other and with that of certain other selected publicly-traded companies and their securities. In addition, Qatalyst Partners reviewed the financial terms, to the extent publicly available, of selected acquisition transactions and performed such other analyses, reviewed such other information and considered such other factors as Qatalyst Partners deemed appropriate.

In arriving at its opinion, Qatalyst Partners assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to, or discussed with, it by HomeAway and/or Expedia. With respect to the October 30 projections, Qatalyst Partners was advised by the management of HomeAway, and assumed, that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of HomeAway of the future financial performance of HomeAway. With respect to the Expedia projections, Qatalyst Partners was advised by the management of Expedia, and assumed, that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Expedia of the future financial performance of Expedia. Qatalyst Partners assumed that the offer and the mergers will be consummated in accordance with the terms set forth in the transaction agreement, without any modification or delay. In addition, Qatalyst Partners assumed that in connection with the receipt of all the necessary approvals of the offer and the mergers, no delays, limitations, conditions or restrictions will be imposed that could have an adverse effect on HomeAway, Expedia or the contemplated benefits expected to be derived in the proposed offer and the proposed mergers. Qatalyst Partners also assumed that the offer and the mergers, taken together, will qualify as a reorganization within the meaning of Section 368(a) of the Code. Qatalyst Partners did not make any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of HomeAway or Expedia, nor was Qatalyst Partners furnished with any such evaluation or appraisal. In addition, Qatalyst Partners relied, without independent verification, upon the assessments of the management of HomeAway and Expedia as to the existing and future technology and products of HomeAway and Expedia and the risks associated with such technology and products. Qatalyst Partners opinion has been approved by Qatalyst Partners opinion committee in accordance with its customary practice.

Qatalyst Partners opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, November 4, 2015. Events occurring after such date may affect the opinion and the assumptions used in preparing the opinion, and Qatalyst Partners does not assume any obligation to update, revise or reaffirm the opinion. Qatalyst Partners opinion does not address the underlying business decision of HomeAway to engage in the offer and the mergers, or the relative merits of the offer and the mergers as compared to any strategic alternatives that may be available to HomeAway. Qatalyst Partners opinion is limited to the fairness, from a financial point of view, of the transaction consideration to be received by the holders of shares of HomeAway common stock, other than Expedia or any affiliate of Expedia, pursuant

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to the transaction agreement, and it expresses no opinion with respect to the fairness of the amount or nature of the compensation to any of HomeAway s officers, directors or employees, or any class of such persons, relative to such consideration.

The following is a brief summary of the material analyses performed by Qatalyst Partners in connection with its opinion dated November 4, 2015. The analyses and factors described below must be considered as a whole; considering any portion of such analyses or factors, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Qatalyst Partners opinion. For purposes of its analyses, Qatalyst Partners utilized the consensus of third-party research analyst projections for HomeAway, referred to as the analyst projections, as well as the HomeAway projections. Some of the summaries of the financial analyses include information presented in tabular format. The tables are not intended to stand alone, and in order to more fully understand the financial analyses used by Qatalyst Partners, the tables must be read together with the full text of each summary. Considering the data set forth below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Qatalyst Partners financial analyses.

Illustrative Discounted Cash Flow Analysis

Qatalyst Partners performed an illustrative discounted cash flow analysis, which is designed to imply a potential, present value of share values for HomeAway common stock as of September 30, 2015 by:

adding:

(a) the implied net present value of the estimated future unlevered free cash flows of HomeAway, based on the HomeAway projections, for the fourth quarter of calendar year 2015 through calendar year 2019 (which implied present value was calculated by using a range of discount rates of 9.0% to 12.0%, based on an estimated weighted average cost of capital for HomeAway);

(b) the implied net present value of a corresponding terminal value of HomeAway, calculated by multiplying the Adjusted EBITDA in calendar year 2020, based on the HomeAway projections, by a range of multiples of enterprise value to next-twelve months estimated Adjusted EBITDA of 13.0x to 20.0x and discounted to present value using the same range of discount rates used in item (a) above;

HomeAway s net cash (debt) as of September 30, 2015, including the face value of outstanding convertible notes, as provided by HomeAway s management;

applying a dilution factor of approximately 11% to reflect the dilution to current stockholders over the projection period due to the effect of future equity compensation grants projected by HomeAway s management; and dividing the resulting amount by the number of fully-diluted shares of HomeAway s common stock outstanding, adjusted for restricted stock units, performance grants and stock options outstanding, and assuming net share settlement of HomeAway s outstanding warrants above the exercise price of such warrants as provided by HomeAway s management as of September 30, 2015.

Based on the calculations set forth above, this analysis implied a range of values for HomeAway common stock of approximately $32.54 to $48.66 per share.

Selected Companies Analysis

Qatalyst Partners compared selected financial information and public market multiples for HomeAway with publicly available information and public market multiples for selected companies. The companies used in this comparison included those companies listed below and were selected because they are publicly traded companies in HomeAway s industry.

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Selected Companies

TripAdvisor, Inc.

The Priceline Group Inc.

Expedia, Inc.

Based upon research analyst consensus estimates for calendar year 2016, and using the closing prices as of November 3, 2015 for shares of the selected companies, Qatalyst Partners calculated, among other things, the implied fully-diluted enterprise value divided by the estimated consensus earnings before interest, taxes, depreciation and amortization (EBITDA) for calendar year 2016 (CY2016E EBITDA Multiple) for each of the selected companies. The median CY2016E EBITDA Multiple among the selected companies in the travel industry analyzed was 16.4x.

Based on an analysis of the CY2016E EBITDA Multiples for the selected companies, Qatalyst Partners selected a representative range of 15.0x to 21.0x and applied this range to HomeAway s estimated calendar year 2016 EBITDA based on each of the HomeAway projections and the analyst projections. This analysis implied a range of values for HomeAway common stock of approximately $27.93 to $36.59 per share based on the HomeAway projections and approximately $27.29 to $35.70 per share based on the analyst projections.

No company included in the selected companies analysis is identical to HomeAway. In evaluating the selected companies, Qatalyst Partners made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters. Many of these matters are beyond the control of HomeAway, such as the impact of competition on the business of HomeAway and the industry in general, industry growth and the absence of any material adverse change in the financial condition and prospects of HomeAway or the industry or in the financial markets in general. Mathematical analysis, such as determining the arithmetic mean, median, or the high or low, is not in itself a meaningful method of using selected company data.

Selected Transactions Analysis

Qatalyst Partners compared fifteen selected transactions involving companies in the travel industry announced between February 2002 and May 2015. These transactions are listed below:

Announcement Date	Target	Acquiror
5/22/2015	eLong, Inc.	Ctrip.com International, Ltd. & Other Investors
1/23/2015	Travelocity, Inc.	Expedia, Inc.
2/12/2015	Orbitz Worldwide, Inc.	Expedia, Inc.
7/6/2014	Wotif.com Holdings Limited	Expedia, Inc.
6/13/2014	OpenTable, Inc.	The Priceline Group Inc.
12/4/2013	Stayz Group	HomeAway, Inc.
12/21/2012	Trivago GmbH	Expedia, Inc.
11/8/2012	KAYAK Software Corporation	The Priceline Group Inc.
2/9/2011	Opodo Group	Permira Funds & AXA Private Equity
7/27/2010	eDreams	Permira Funds
5/12/2005	lastminute.com plc	Sabre Holdings Corporation
12/2/2004	eBookers plc	Cendant Corporation

9/29/2004	Orbitz Worldwide, Inc.	Cendant Corporation
3/19/2003	Expedia, Inc.	IAC
2/19/2002	Travelocity, Inc.	Sabre Holdings Corporation

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For each of the transactions listed above, Qatalyst Partners reviewed, among other things, the implied fully diluted enterprise value of the target company as a multiple of the last-twelve months and next-twelve months EBITDA of the target company as reflected in certain publicly available financial statements, research analyst reports and press releases, the median of which was 24.2x and 16.5x, respectively. Based on the analysis of such metrics for the transactions noted above, Qatalyst Partners selected a representative range of 24.0x to 30.0x and 15.0x to 27.0x applied to HomeAway s last-twelve months EBITDA and next-twelve months EBITDA, respectively (based on the analyst projections and measured from September 30, 2015). This analysis implied a range of values for HomeAway common stock of approximately $32.78 to $39.34 and $26.13 to $42.05 for last-twelve months and next-twelve months multiple ranges, respectively.

No company or transaction utilized in the selected transactions analysis is identical to HomeAway or the offer and the mergers. In evaluating the selected transactions, Qatalyst Partners made judgments and assumptions with regard to general business, market and financial conditions and other matters, many of which are beyond the control of HomeAway, such as the impact of competition on the business of HomeAway or the industry generally, industry growth and the absence of any material adverse change in the financial condition of HomeAway or the industry or in the financial markets in general, which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared. Because of the unique circumstances of each of these transactions and the offer and the mergers, Qatalyst Partners cautioned against placing undue reliance on this information.

Miscellaneous

In connection with the review of the offer and the mergers by the HomeAway board of directors, Qatalyst Partners performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily amenable to a partial analysis or summary description. In arriving at its opinion, Qatalyst Partners considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Qatalyst Partners believes that selecting any portion of its analyses, without considering all analyses as a whole, could create a misleading or incomplete view of the process underlying its analyses and opinion. In addition, Qatalyst Partners may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Qatalyst Partners view of the actual value of HomeAway. In performing its analyses, Qatalyst Partners made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of HomeAway. Any estimates contained in Qatalyst Partners analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Qatalyst Partners conducted the analyses described above solely as part of its analysis of the fairness, from a financial point of view, of the transaction consideration to be received by the holders of HomeAway common stock, other than Expedia or any affiliate of Expedia, pursuant to the transaction agreement, and in connection with the delivery of its opinion to the HomeAway board of directors. These analyses do not purport to be appraisals or to reflect the price at which HomeAway common stock might actually trade.

Qatalyst Partners opinion and its presentation to the HomeAway board of directors was one of many factors considered by the HomeAway board of directors in deciding to approve the transaction agreement. Consequently, the analyses as described above should not be viewed as determinative of the opinion of the HomeAway board of directors with respect to the transaction consideration to be received by HomeAway s stockholders pursuant to the offer and the mergers or of whether the HomeAway board of directors would have been willing to agree to a different consideration. The transaction consideration was determined through arm s-length negotiations between HomeAway and Expedia and was approved by the HomeAway board of directors. Qatalyst Partners provided advice to HomeAway during these negotiations. Qatalyst Partners did not, however, recommend any specific consideration to HomeAway or that any specific consideration constituted the only appropriate consideration for the offer and the mergers.

Qatalyst Partners provides investment banking and other services to a wide range of corporations and individuals, domestically and offshore, from which conflicting interests or duties may arise. In the ordinary course of these activities, affiliates of Qatalyst Partners may at any time hold long or short positions, and may trade or otherwise effect transactions in debt or equity securities or loans of HomeAway, Expedia or certain of their respective affiliates.

During the two year period prior to November 4, 2015, no material relationship existed between Qatalyst Partners and its affiliates and HomeAway or Expedia pursuant to which compensation was received by Qatalyst Partners or its affiliates; however, Qatalyst Partners and its affiliates may in the future provide investment banking and other financial services to HomeAway or Expedia or any of their respective affiliates for which they would expect to receive compensation.

Under the terms of its engagement letter, Qatalyst Partners provided HomeAway with financial advisory services in connection with the proposed offer and the proposed mergers for which it will be paid approximately $46 million (provided that the final actual fee will be, in part, based on an average of the closing price of Expedia s common stock over ten trading days approaching the closing of the offer), $250,000 of which has been previously been paid, approximately $9 million of which became payable upon delivery of its opinion (regardless of the conclusion reached in the opinion), and the remaining portion of which will be paid upon, and subject to, consummation of the offer and the mergers. HomeAway has also agreed to reimburse Qatalyst Partners for its expenses incurred in performing its services. HomeAway has also agreed to indemnify Qatalyst Partners and its affiliates, their respective members, directors, officers, partners, agents and employees and any person controlling Qatalyst Partners or any of its affiliates against certain liabilities, including liabilities under federal securities law, and certain expenses relating to or arising out of Qatalyst Partners engagement.

Prospective Financial Information

HomeAway does not as a matter of course issue public projections as to future performance or earnings beyond the current fiscal year or issue public projections for extended periods due to the unpredictability of the underlying assumptions and estimates. In connection with its strategic planning process, HomeAway s management prepared financial projections in the third fiscal quarter of 2015 that reflected HomeAway s then-current business model, which HomeAway refers to as the August 20 projections. The August 20 projections were prepared to demonstrate the expected performance of HomeAway under its then-current business model in comparison to the proposed new business model. In addition, in connection with its due diligence process and evaluation of the offer, the mergers and the other transactions contemplated by the transaction agreement, as described in this document, HomeAway s management prepared financial projections in the third fiscal quarter of 2015 that reflected HomeAway s proposed new business model, which were shared with Company A, Company F and Expedia on October 5, 2015, which are referred to as the October 5 projections. The August 20 projections and the October 5 projections were presented to and reviewed, but never approved, by the HomeAway board of directors.

When the HomeAway board of directors reviewed the October 5 projections, they identified a number of risks that were not adequately reflected in the projections, including the following:

risks of supplier disruption similar or worse to supplier disruptions associated with previous business model and platform migrations;

market research that indicated higher than expected price elasticity for travelers in increasingly transparent markets such as HomeAway s market and for HomeAway s suppliers more broadly;

search engine optimization, or SEO, risks;

- the higher cost of traffic reducing cost per view effectiveness and reducing HomeAway s ability to spend at the desired return on investment; and

- the execution risk associated with launching a new business initiative that HomeAway did not have prior experience in.

In order to address the concerns of the HomeAway board of directors, HomeAway management made a number of adjustments to the assumptions underlying the October 5 projections, including with respect to the following categories and line items:

- lowering the renewal rate for subscription customers in fiscal year 2016;

- increasing the negative impact to conversion based on implementation of the traveler fee in fiscal year 2016;

- annual visits growth deceleration (due primarily to SEO reduction) in fiscal years 2016, 2017 and 2018;

- increased marketing spend as a percentage of revenue in fiscal years 2016, 2017 and 2018;

- Adjusted EBITDA cushion in fiscal years 2016, 2017 and 2018; and

- appropriate adjustments to the extrapolated 2019 and 2020 projections resulting from the above factors.

As a result of these adjustments, HomeAway management presented new projections to the HomeAway board of directors on October 30, 2015, which are referred to as the October 30 projections. The October 30 projections were approved by the HomeAway board of directors on October 31, 2015 and then provided to Qatalyst Partners for its use in the analysis performed in connection with the opinion that the HomeAway board of directors received from Qatalyst Partners on November 4, 2015.

The August 20 projections, the October 5 projections and the October 30 projections are referred to together as the HomeAway projections. The October 5 projections and the October 30 projections were provided to the HomeAway board of directors, Qatalyst Partners and, to the extent indicated in more detail below, Expedia in the solicitation process during the evaluation of the offer, the mergers and the other transactions contemplated by the transaction agreement. To give HomeAway stockholders access to certain nonpublic information that was available to the HomeAway board of directors at the time of the evaluation of the offer, the mergers and the other transactions contemplated by the transaction agreement, the HomeAway projections are summarized below.

The HomeAway projections were developed from HomeAway s historical financial statements and a series of HomeAway management s independent assumptions and estimates related to future trends, including assumptions and estimates related to future business initiatives for which historical financial statements were not available, and did not give effect to any changes or expenses as a result of the offer, the mergers or the other transactions contemplated by the transaction agreement or any other effects of the offer, the mergers and the other transactions contemplated by the transaction agreement.

The HomeAway projections summarized below were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC or the guidelines established by American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or U.S. generally accepted accounting principles, or GAAP.

The inclusion of the HomeAway projections in this document should not be regarded as an indication that the HomeAway board of directors, Qatalyst Partners, any of their affiliates, or any other recipient of this information (including Expedia) considered, or now considers, such projections to be a reliable prediction of future results or any actual future events. HomeAway s independent registered public accounting firm, PricewaterhouseCoopers

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LLP, has neither examined, compiled nor performed any procedures with respect to the accompanying projected financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

The PricewaterhouseCoopers LLP report included in HomeAway s most recent Annual Report on Form 10-K relates to HomeAway s historical financial information. It does not extend to the projected financial information included herein and should not be read to do so.

HomeAway s future financial results may materially differ from those expressed in the HomeAway projections due to numerous factors, including many that are beyond HomeAway s or anyone else s ability to control or predict. No one can assure you that any of the HomeAway projections will be realized or that HomeAway s future financial results will not materially vary from the HomeAway projections. The HomeAway projections do not take into account any circumstances or events occurring after the date they were prepared and have not been, and will not be, updated since their respective dates of preparation. The HomeAway projections should not be utilized as public guidance and will not be provided in the ordinary course of business in the future.

Furthermore, while presented with numerical specificity, the HomeAway projections necessarily are based on numerous assumptions, many of which are beyond anyone s control and difficult to predict, including with respect to industry performance, competitive factors, industry consolidation, general business, economic, regulatory, market and financial conditions, as well as matters specific to HomeAway s business, including with respect to future business initiatives and changes to HomeAway s business model for which there is no historical financial data, which assumptions may not prove to have been, or may no longer be, accurate. The HomeAway projections do not take into account any circumstances or events occurring after the date they were prepared, including the November 4, 2015 announcement of the offer and the mergers or subsequent integration planning activities. In addition, the HomeAway projections do not take into account the effect of any failure of the offer, the mergers and the other transactions contemplated by the transaction agreement to occur and should not be viewed as accurate or continuing in that context.

HomeAway management estimated financial projections through the end of fiscal year 2018 for the August 20 projections and calendar year 2020 for the October 5 projections and the October 30 projections in the context of the business, economic, regulatory, market and financial conditions that existed at that time, and the HomeAway projections have not been updated to reflect revised prospects for HomeAway s business, changes in general business, economic, regulatory, market and financial conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time such projections were prepared. The HomeAway projections cover multiple years, and such information by its nature becomes less reliable with each successive year.

The inclusion of the summary of the HomeAway projections below should not be deemed an admission or representation by HomeAway, Expedia, the Offeror, Qatalyst Partners, or any of their affiliates with respect to such projections or that such projections are or were viewed by any such person as material information regarding HomeAway, and in fact HomeAway views such projections as non-material because of the inherent risks and uncertainties associated with such projections. The HomeAway projections are not being included in this document to influence your decision whether to tender your HomeAway shares in the offer, but because such projections, or portions of these projections, were provided to HomeAway s board of directors, HomeAway s financial advisor and Expedia.

The information from the HomeAway projections should be evaluated, if at all, in conjunction with the historical financial statements and other information regarding HomeAway contained in HomeAway s public filings with the SEC. In light of the foregoing factors and the uncertainties inherent in the HomeAway projections, stockholders are cautioned not to place undue, if any, reliance on the HomeAway projections included in this document, including in making a decision as to whether to tender their HomeAway shares in the offer.

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The prospective financial information included in this document has been prepared by, and is the responsibility of, HomeAway s management. PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report incorporated by reference in this document relates to HomeAway s historical financial information. It does not extend to the prospective financial information and should not be read to do so.

The following table presents unaudited prospective financial data for the August 20 projections:

		Year Ending December 31,	
	FY2016E	**FY2017E**	**FY2018E**
Revenue (*in millions*)	$ 580.2	$ 687.3	$ 769.8
Adjusted EBITDA (*in millions*)	150.8	204.5	238.0

The following table presents unaudited prospective financial data for the October 5 projections:

	Q4			Year Ending December 31,		
	CY2015E	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**
Revenue (*in millions*)	$ 128	$ 670*	$ 907*	$ 1,089*	$ 1,280	$ 1,472
Adjusted EBITDA (*in millions*)	32	165*	275*	336*	394	453
Adjusted Operating Income (*in millions*)	24	130	230	283	331	380
Net Operating Profit after Cash Paid for Income Taxes (*in millions*)	22	124	180	217	254	291
Unlevered Free Cash Flow (*in millions*)	25	150	188	285	324	365

The following table presents unaudited prospective financial data for the October 30 projections:

	Q4			Year Ending December 31,		
	CY2015E	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**
Revenue (*in millions*)	$ 128*	$ 624*	$ 782*	$ 921*	$ 1,059	$ 1,186
Adjusted EBITDA (*in millions*)	32*	154*	211*	250*	288	322
Adjusted Operating Income (*in millions*)	24	119	169	202	228	251
Net Operating Profit after Cash Paid for Income Taxes (*in millions*)	22	114	132	155	175	193
Unlevered Free Cash Flow (*in millions*)	31	128	136	214	247	277

* Unaudited prospective financial data provided to Expedia.

HomeAway defines Adjusted EBITDA as net income (loss) attributable to HomeAway plus depreciation, amortization; stock-based compensation expense; interest expense (income); foreign exchange losses, net of foreign exchange gains; income tax expense (benefit); and impact of noncontrolling interests.

HomeAway defines Adjusted Operating Income as Adjusted EBITDA less depreciation and amortization of intangible assets.

HomeAway defines Net Operating Profit after Cash Paid for Income Taxes as Adjusted Operating Income less cash paid for income taxes.

HomeAway defines Unlevered Free Cash Flow as Adjusted EBITDA less capital expenditure, cash paid for income taxes and changes in working capital.

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As noted above, the HomeAway projections reflect numerous estimates and assumptions made with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, including assumptions and estimates related to future business initiatives for which historical financial statements are not available, as well as matters specific to HomeAway s business, all of which are difficult to predict and many of which are beyond anyone s control.

Adjusted EBITDA and Unlevered Free Cash Flow should not be reviewed in isolation. You should consider them in addition to, and not as substitutes for, measures of HomeAway s financial performance reported in accordance with GAAP. HomeAway s Adjusted EBITDA may not be comparable to similarly titled measures of other companies and because other companies may not calculate such measures in the same manner as HomeAway does. Adjusted EBITDA has limitations as analytical tools. In addition, none of these measures reflect future requirements for contractual obligations.

Further limitations of Adjusted EBITDA include:

- this measure does not reflect changes in working capital;
- this measure does not reflect interest income or interest expense; and
- this measure does not reflect cash requirements for income taxes.

This document contains the non-GAAP financial measures Adjusted EBITDA, Unlevered Free Cash Flow, Adjusted Operating Income and Net Operating Profit after Cash Paid for Income Taxes.

Adjusted EBITDA, Unlevered Free Cash Flow, Adjusted Operating Income and Net Operating Profit after Cash Paid for Income Taxes should not be reviewed in isolation. You should consider them in addition to, and not as substitutes for, measures of HomeAway s financial performance reported in accordance with GAAP. HomeAway s Adjusted EBITDA, Unlevered Free Cash Flow, Adjusted Operating Income and Net Operating Profit after Cash Paid for Income Taxes may not be comparable to similarly titled measures of other companies and because other companies may not calculate such measures in the same manner as HomeAway does. HomeAway s Adjusted EBITDA, Unlevered Free Cash Flow, Adjusted Operating Income and Net Operating Profit after Cash Paid for Income Taxes have limitations as analytical tools. Such limitations include:

- Adjusted EBITDA, Adjusted Operating Income and Net Operating Profit after Cash Paid for Income Taxes do not reflect changes in working capital;
- Adjusted EBITDA, Unlevered Free Cash Flow, Adjusted Operating Income and Net Operating Profit after Cash Paid for Income Taxes do not reflect interest income or interest expense;
- Adjusted EBITDA and Adjusted Operating Income do not reflect cash requirements for income taxes;

- Unlevered Free Cash Flow does not reflect necessarily represent funds available for discretionary use;

- Unlevered Free Cash Flow does not represent the total increase or decrease in the cash and cash equivalents for the period;

- Adjusted Operating Income does not reflect all items of income and expense that affect HomeAway s operations; and

- other companies in HomeAway s industry may calculate Adjusted EBITDA, Unlevered Free Cash Flow, Adjusted Operating Income, Net Operating Profit after Cash Paid for Income Taxes or similarly titled measures differently than HomeAway does, limiting their usefulness as a comparative measure.

In addition, while these measures reflect currently known future contractual obligations, they do not reflect future contractual obligations for contracts not yet entered into.

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The following tables present a reconciliation of each of the non-GAAP financial measures referred to above to each of the most directly comparable GAAP measures with respect to the August 20, October 5 and October 30 projections for each of the periods indicated below:

August 20 projections:

	Year Ending December 31,		
	FY2016E	**FY2017E**	**FY2018E**
Net Income attributable to HomeAway, Inc. *(in millions)*	$ 25.4	$ 46.4	$ 66.8
Depreciation and amortization *(in millions)*	31.3	37.4	37.4
Stock-based compensation *(in millions)*	57.4	64.2	69.6
Interest expense *(in millions)*	20.1	21.2	22.4
Interest income *(in millions)*	(3.3)	(3.5)	(4.0)
Foreign exchange losses, net of foreign exchange gains *(in millions)*	1.2	1.2	1.4
Income tax expense *(in millions)*	19.8	37.6	44.4
Impact of noncontrolling interests, net of tax *(in millions)*	(1.1)		
Acquisition of noncontrolling interests *(in millions)*			
Adjusted EBITDA *(in millions)*	150.8	204.5	238.0

October 5 projections:

	Q4	Year Ending December 31,		
	CY2015E	**2016E**	**2017E**	**2018E**
Net Income attributable to HomeAway, Inc. *(in millions)*	$ 1	$ 35	$ 86	$ 123
Depreciation and amortization *(in millions)*	8	35	45	53
Stock-based compensation *(in millions)*	13	54	56	58
Interest expense *(in millions)*	5	20	21	23
Interest income *(in millions)*	(1)	(3)	(4)	(4)
Foreign exchange losses, net of foreign exchange gains *(in millions)*		1	1	1
Income tax expense *(in millions)*	1	24	70	82
Impact of noncontrolling interests, net of tax *(in millions)*		(1)		
Acquisition of noncontrolling interests *(in millions)*	5			
Adjusted EBITDA *(in millions)*	32	165*	275*	336*
Depreciation and amortization *(in millions)*	(8)	(35)	(45)	(53)
Adjusted Operating Income *(in millions)*	24	130	230	283
Cash paid for income taxes *(in millions)***	(2)	(6)	(50)	(66)
Net Operating Profit after Cash Paid for Income Taxes *(in millions)*	22	124	180	217

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	Q4 CY2015E	Year Ending December 31, 2016E	2017E	2018E
Net Income attributable to HomeAway, Inc. ***(in millions)***	$ 1	$ 35	$ 86	$ 123
Depreciation and amortization *(in millions)*	8	35	45	53
Stock-based compensation *(in millions)*	13	54	56	58
Interest expense *(in millions)*	5	20	21	23
Interest income *(in millions)*	(1)	(3)	(4)	(4)
Foreign exchange losses, net of foreign exchange gains *(in millions)*		1	1	1
Income tax expense *(in millions)*	1	24	70	82
Impact of noncontrolling interests, net of tax *(in millions)*		(1)		
Acquisition of noncontrolling interests *(in millions)*	5			
Adjusted EBITDA ***(in millions)***	32	165*	275*	336*
Capital expenditures *(in millions)*	(10)	(54)	(64)	(65)
Cash paid for income taxes *(in millions)***	(2)	(6)	(50)	(66)
Changes in working capital *(in millions)****	5	45	27	80
Unlevered Free Cash Flow ***(in millions)***	25	150	188	285

October 30 projections:

	Q4 CY2015E	Year Ending December 31, 2016E	2017E	2018E
Net Income attributable to HomeAway, Inc. ***(in millions)***	$ 1	$ 29	$ 52	$ 74
Depreciation and amortization *(in millions)*	8	35	42	48
Stock-based compensation *(in millions)*	13	54	57	60
Interest expense *(in millions)*	5	20	21	22
Interest income *(in millions)*	(1)	(3)	(4)	(4)
Foreign exchange losses, net of foreign exchange gains *(in millions)*		1	1	1
Income tax expense *(in millions)*	1	19	42	49
Impact of noncontrolling interests, net of tax *(in millions)*		(1)		
Acquisition of noncontrolling interests *(in millions)*	5			
Adjusted EBITDA ***(in millions)***	32*	154*	211*	250*
Depreciation and amortization *(in millions)*	(8)	(35)	(42)	(48)
Adjusted Operating Income ***(in millions)***	24	119	169	202
Cash paid for income taxes *(in millions)***	(2)	(5)	(37)	(47)
Net Operating Profit after Cash Paid for Income Taxes ***(in millions)***	22	114	132	155

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	Q4 CY2015E	Year Ending December 31, 2016E	2017E	2018E
Net Income attributable to HomeAway, Inc. *(in millions)*	$ 1	$ 29	$ 52	$ 74
Depreciation and amortization *(in millions)*	8	35	42	48
Stock-based compensation *(in millions)*	13	54	57	60
Interest expense *(in millions)*	5	20	21	22
Interest income *(in millions)*	(1)	(3)	(4)	(4)
Foreign exchange losses, net of foreign exchange gains *(in millions)*		1	1	1
Income tax expense *(in millions)*	1	19	42	49
Impact of noncontrolling interests, net of tax *(in millions)*		(1)		
Acquisition of noncontrolling interests *(in millions)*	5			
Adjusted EBITDA *(in millions)*	$ 32*	$ 154*	$ 211*	$ 250*
Capital expenditures *(in millions)*	(10)	(50)	(55)	(55)
Cash paid for income taxes *(in millions)***	(2)	(5)	(37)	(47)
Changes in working capital *(in millions)****	11	29	17	66
Unlevered Free Cash Flow *(in millions)*	31	128	136	214

* Unaudited prospective financial data provided to Expedia.

** Cash paid for income taxes represent the expected actual cash outlay for income taxes in the relevant period and is used in estimating unlevered free cash flow, whereas, income tax expense is the accrual based estimate of income taxes that would be a component of net income attributable to HomeAway, Inc.

*** The components of working capital include accounts receivable, prepaids and other assets, accounts payable, accrued expenses, deferred revenue and other long term liabilities.

The non-GAAP financial measures presented above in the October 5 projections and October 30 projections are not reconciled for the years 2019 and 2020 ending December 31 because assumptions about the information required to calculate and reconcile the most directly comparable GAAP financial measures for those years is not available, was not prepared by HomeAway management and was not available to or presented to the HomeAway board of directors either at the time that the non-GAAP financial measures were presented to the HomeAway board of directors or at any other time. Such assumptions include assumptions with respect to tax provision, stock based compensation, legal reserves, occupancy tax and other net income/loss attributable to noncontrolling interests, depreciation, amortization and other non-operating items for future periods. The probable significance of the unavailable information is that such GAAP financial measures may be materially different from the corresponding non-GAAP financial measures.

Expedia does not as a matter of course issue public outlook or other projections as to future performance or earnings due to, among other reasons, the unpredictability and subjectivity of the underlying assumptions and estimates as well as the high likelihood that actual results will vary from any such estimates. As a result, Expedia does not endorse any forward-looking financial information as a reliable indication of future results.

Expedia provided a high-level, preliminary outlook prepared by Expedia management that included limited unaudited prospective financial information to Qatalyst Partners, which representatives of Qatalyst Partners made available to the HomeAway board of directors on November 3, 2015.

The pro forma presentation of the limited standalone unaudited prospective financial information for Expedia and HomeAway set forth below does not include or take into account any potential synergies, integration costs attributable to the consummation of the proposed transaction or other adjustments. In addition, the pro forma presentation does not take into account the impact of purchase accounting rules, which may significantly limit the recognition of HomeAway s deferred revenue by Expedia following closing. Specifically, the pro forma presentation of the standalone unaudited financial information was calculated only by adding the limited

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unaudited standalone prospective financial information for each of Expedia and HomeAway, using the HomeAway October 30 projections, to arrive at a pro forma unaudited outlook for the combined company and no other adjustments, calculations, analyses, assumptions or otherwise were made with respect to such information.

The pro forma presentation of the limited standalone unaudited prospective financial information is included in this document solely because it was among the financial information made available to the HomeAway board of directors in connection with HomeAway s due diligence of Expedia and the HomeAway board of directors consideration of the offer and the mergers. References to preliminary outlook below are references to Expedia s high-level, preliminary outlook and/or such pro forma presentation, as applicable.

The preliminary outlook was not reviewed or approved by the Expedia board of directors, and is not the result of any formal internal review or process. Moreover, the preliminary outlook was based on estimates and assumptions made by Expedia management prior to the completion of Expedia s 2016 annual financial planning process and the Expedia board approved financial plans which result from that process. As such, the preliminary outlook may vary significantly from subsequent forecasts, financial plans, guidance and/or actual results due to a number of factors, including (but not limited to) changes in the underlying business trends in each of Expedia s business units, changes that may be required due to the annual budgeting process, incremental investments or returns associated with new or ongoing initiatives, changes in estimates related to anticipated benefits or costs associated with the integration of prior acquisitions and, in each case, the timing of such investments, returns, benefits or costs.

Additionally, Expedia s future financial results may also materially differ from those expressed in the preliminary outlook due to numerous factors that are beyond Expedia s or anyone else s ability to control or predict, including with respect to industry performance, competitive factors, industry consolidation, general business, economic, regulatory, market and financial conditions, as well as matters specific to Expedia s business, including with respect to future business initiatives. The assumptions underlying the preliminary outlook may not prove to have been, or may no longer be, accurate.

Expedia management estimated the prospective financial information in the preliminary outlook in the context of the business, economic, regulatory, market and financial conditions that existed at that time, and the preliminary outlook has not been updated to reflect revised prospects for Expedia s business, changes in general business, economic, regulatory, market and financial conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time such outlook was prepared.

Specifically, the preliminary outlook does not take into account any circumstances or events occurring after November 1, 2015, the date it was prepared, and specifically does not include any financial consequences resulting from the November 4, 2015 announcement of the offer and the mergers or subsequent integration planning activities to follow. The preliminary outlook has not been and will not be updated since the date of its preparation. Additionally, the preliminary outlook does not give effect to any other changes that may result from the offer, the mergers or the other transactions contemplated by the transaction agreement.

The preliminary outlook covers multiple years, and such information by its nature becomes less reliable with each successive year. The preliminary outlook should not be utilized as public guidance and will not be updated by Expedia nor provided in the ordinary course of business in the future.

No one can assure you that any of the prospective financial information contained in the preliminary outlook will be realized or that Expedia s future financial results will not materially vary from the preliminary outlook.

The preliminary outlook summarized below was not prepared with a view toward public disclosure or compliance with published guidelines of the SEC or the guidelines established by American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or GAAP.

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The inclusion of the preliminary outlook summarized below in this document should not be regarded as an indication that Expedia, the Expedia board of directors, HomeAway, the HomeAway board of directors and its financial advisor, any affiliate of any of the foregoing, or any other recipient of this information, considered, or now considers, such preliminary outlook to be a reliable prediction of future results or any actual future events.

The Expedia prospective financial information included as part of the preliminary outlook in this document has been prepared by, and is the responsibility of, Expedia management. Ernst & Young LLP has neither compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, Ernst & Young LLP does not express an opinion or any other form of assurance with respect thereto. The Ernst & Young LLP report incorporated by reference into this document relates to Expedia s historical financial information. It does not extend to the prospective financial information and should not be read to do so.

The inclusion of the summary of the preliminary outlook below should not be deemed an admission or representation by Expedia, the Offeror, HomeAway, Qatalyst Partners, or any of their affiliates with respect to such information or that such information is or was viewed by any such person as material information regarding Expedia, and in fact Expedia views such information as non-material because such information is based on preliminary assessments of future performance and involves inherent risks and uncertainties. The preliminary outlook is not being included in this document to influence your decision whether to tender your HomeAway shares in the offer, but because such information was provided to HomeAway s board of directors and HomeAway s financial advisor.

The information from the preliminary outlook should be evaluated, if at all, in conjunction with the historical financial statements and other information regarding Expedia contained in Expedia s public filings with the SEC. In light of the foregoing factors and the uncertainties inherent in the preliminary outlook, stockholders are cautioned not to place undue, if any, reliance on the preliminary outlook included in this document, including in making a decision as to whether to tender their HomeAway shares in the offer.

The following table sets forth the pro forma presentation of the limited standalone unaudited prospective financial information for both Expedia and HomeAway (calculated by adding the limited standalone unaudited prospective financial information for each of Expedia and HomeAway, utilizing the HomeAway October 30 projections) (excluding any synergies, integration costs and the impact of purchase accounting rules which may significantly limit the recognition of HomeAway s deferred revenue by Expedia following closing) which was presented to the HomeAway board of directors on November 3, 2015:

	Year Ending December 31, 2016E	2017E	2018E
Revenue ***(in millions)***	$ 8,942	$ 10,341	$ 11,801
Adjusted EBITDA ***(in millions)***	$ 1,685	$ 2,084	$ 2,384

Expedia defines Adjusted EBITDA as operating income / (loss) 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.

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Adjusted EBITDA, as referenced above, may be considered a non-GAAP financial measure. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used in the above unaudited prospective financial information may not be comparable to similarly titled amounts used by other companies or persons.

Distribution of Offering Materials

This document, the related letter of transmittal and other relevant materials will be delivered to record holders of shares of HomeAway common stock and to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on HomeAway s stockholder list or, if applicable, who are listed as participants in a clearing agency s security position listing, so that they can in turn send these materials to beneficial owners of shares.

Expiration of the Offer

The offer is scheduled to expire at 12:00 midnight, Eastern Standard Time, at the end of December 14, 2015, unless extended or terminated. Expiration date means 12:00 midnight, Eastern Standard Time, at the end of December 14, 2015, unless and until the Offeror has extended the period during which the offer is open, subject to the terms and conditions of the transaction agreement, in which event the term expiration date means the latest time and date at which the offer, as so extended by the Offeror, will expire.

Extension, Termination and Amendment of Offer

Subject to the provisions of the transaction agreement and the applicable rules and regulations of the SEC, and unless HomeAway consents otherwise or the transaction agreement is otherwise terminated, the Offeror must (1) extend the offer in the event that any of the conditions to the offer (including the minimum tender condition) have not been satisfied or waived as of any then scheduled expiration of the offer, for periods of up to ten business days each in order to permit the satisfaction of the conditions to the offer, and (2) extend the offer for any period required by any law, rule, regulation, interpretation or position of the SEC or its staff or the NASDAQ which is applicable to the offer or the mergers. However, the Offeror is not required to extend the offer beyond May 4, 2016 (which is the outside date).

The Offeror expressly reserves the right to waive any offer condition or modify the terms of the offer, except that the Offeror may not make certain changes to the offer or waive certain conditions to the offer without the prior written consent of HomeAway. Changes to the offer that require the prior written consent of HomeAway include changes (i) that change the form of consideration to be paid in the offer, (ii) that decrease the consideration in the offer or the number of shares sought in the offer, (iii) that extend the offer (other than extensions required by law or SEC or NASDAQ regulation, or extensions of up to ten business days each if any of the conditions to the offer have not been satisfied or waived as of the then-scheduled expiration date in order to permit the satisfaction of such conditions and subject to other specified exceptions), (iv) that impose conditions to the offer not included in the transaction agreement, or (v) that amend or modify any other term or condition of the offer in a manner adverse to holders of shares of HomeAway common stock. Conditions to the offer that the Offeror and Expedia may not waive without the prior written consent of HomeAway include (i) the minimum tender condition, (ii) the receipt of required regulatory approvals, (iii) lack of legal prohibitions, (iv) the approval for listing on the NASDAQ of the shares of Expedia common stock to be issued in the offer or the first merger, (v) the receipt of an opinion by each of Expedia and HomeAway from their respective legal counsel to the effect that the offer and the mergers, taken together, will qualify as a reorganization within the meaning of Section 368(a) of the Code, (vi) the effectiveness of the registration statement on Form S-4 of which this document is a part and (vii) there not having occurred any change, effect, development, circumstance, condition, state of facts, event or occurrence after the date of the transaction agreement that would reasonably be expected to have, individually or in the aggregate, a material adverse effect on Expedia (with such term as defined in the transaction agreement and

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described under Transaction Agreement Material Adverse Effect), and that is continuing as of immediately prior to the expiration of the offer. Pursuant to the transaction agreement, HomeAway has the right to require that Expedia and the Offeror waive the following conditions: (i) the receipt of an opinion by each of Expedia and HomeAway from their respective legal counsel to the effect that the offer and the mergers, taken together, will qualify as a reorganization within the meaning of Section 368(a) of the Code and (ii) there not having occurred any change, effect, development, circumstance, condition, state of facts, event or occurrence after the date of the transaction agreement that would reasonably be expected to have, individually or in the aggregate, a material adverse effect on Expedia (with such term as defined in the transaction agreement and described under Transaction Agreement Material Adverse Effect), and that is continuing as of immediately prior to the expiration of the offer.

The Offeror will effect any extension, termination, amendment or delay of the offer by giving oral or written notice to the exchange agent and by making a public announcement as promptly as practicable thereafter. In the case of an extension, any such announcement will be issued no later than 9:00 a.m., Eastern time, on the next business day following the previously scheduled expiration date. Subject to applicable law (including Rules 14d-4(c) and 14d-6(d) under the Exchange Act, which require that any material change in the information published, sent or given to stockholders in connection with the offer be promptly disseminated to stockholders in a manner reasonably designed to inform them of such change) and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror assumes no obligation to publish, advertise or otherwise communicate any such public announcement of this type other than by issuing a press release.

If the Offeror materially changes the terms of the offer or the information concerning the offer, or if the Offeror waives a material condition of the offer, the Offeror will extend the offer to the extent legally required under the Exchange Act.

For purposes of the offer, a business day means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, Eastern time.

No subsequent offering period will be available after the offer.

Exchange of Shares; Delivery of Cash and Shares of Expedia Common Stock

Expedia has retained Computershare Trust Company, N.A. as the depositary and exchange agent for the offer (the exchange agent) to handle the exchange of HomeAway shares for the transaction consideration in the offer and the first merger.

Upon the terms and subject to the satisfaction or waiver of the conditions of the offer (including, if the offer is extended or amended, the terms and conditions of any such extension or amendment), the Offeror will accept for exchange, and will exchange, shares validly tendered and not validly withdrawn promptly after the expiration of the offer. In all cases, a HomeAway stockholder will receive consideration for tendered HomeAway shares only after timely receipt by the exchange agent of certificates for those shares (or a confirmation of a book-entry transfer of those shares into the exchange agent s account at The Depository Trust Company (DTC)), a properly completed and duly executed letter of transmittal (or an agent s message in connection with a book-entry transfer), and any other required documents.

For purposes of the offer, the Offeror will be deemed to have accepted for exchange shares validly tendered and not validly withdrawn if and when it notifies the exchange agent of its acceptance of those shares pursuant to the offer. The exchange agent will deliver to the applicable HomeAway stockholders any cash and shares of Expedia common stock issuable in exchange for shares validly tendered and accepted pursuant to the offer promptly after receipt of such notice. The exchange agent will act as the agent for tendering HomeAway stockholders for the purpose of receiving cash and shares of Expedia common stock from the Offeror and transmitting such cash and stock to the tendering HomeAway stockholders. HomeAway stockholders will not receive any interest on any cash that the Offeror pays in the offer, even if there is a delay in making the exchange.

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If the Offeror does not accept any tendered HomeAway shares for exchange pursuant to the terms and conditions of the offer for any reason, or if certificates are submitted representing more shares than are tendered for, the Offeror will cause to be returned certificates for such unexchanged shares without expense to the tendering stockholder or, in the case of shares tendered by book-entry transfer into the exchange agent s account at DTC pursuant to the procedures set forth below in Procedure for Tendering, the shares to be returned will be credited to an account maintained with DTC as soon as practicable following expiration or termination of the offer.

Withdrawal Rights

HomeAway stockholders can withdraw tendered HomeAway shares at any time until the expiration of the offer and, if the Offeror has not agreed to accept the shares for exchange on or prior to January 14, 2016, HomeAway stockholders can thereafter withdraw their shares from tender at any time after such date until the Offeror accepts shares for exchange.

For the withdrawal of shares to be effective, the exchange agent must receive a written notice of withdrawal from the HomeAway stockholder at one of the addresses set forth elsewhere in this document, prior to the expiration of the offer. The notice must include the HomeAway stockholder s name, address, social security number (or tax identification number in the case of entities), the certificate number(s), if any, the number of shares to be withdrawn and the name of the registered holder, if it is different from that of the person who tendered those shares, and any other information required pursuant to the offer or the procedures of DTC, if applicable.

A financial institution must guarantee all signatures on the notice of withdrawal, unless the shares to be withdrawn were tendered for the account of an eligible institution. Most banks, savings and loan associations and brokerage houses are able to provide signature guarantees. An eligible institution is a financial institution that is a participant in the Securities Transfer Agents Medallion Program.

If shares have been tendered pursuant to the procedures for book-entry transfer discussed under the section entitled Procedure for Tendering, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn shares and must otherwise comply with DTC s procedures. If certificates have been delivered or otherwise identified to the exchange agent, the name of the registered holder and the serial numbers of the particular certificates evidencing the shares withdrawn must also be furnished to the exchange agent, as stated above, prior to the physical release of such certificates.

The Offeror will decide all questions as to the form and validity (including time of receipt) of any notice of withdrawal in its sole discretion, and its decision will be final and binding. None of the Offeror, Expedia, HomeAway, the exchange agent, the information agent or any other person is under any duty to give notification of any defects or irregularities in any tender or notice of withdrawal or will incur any liability for failure to give any such notification. Any shares validly withdrawn will be deemed not to have been validly tendered for purposes of the offer. However, a HomeAway stockholder may re-tender withdrawn shares by following the applicable procedures discussed under the section Procedure for Tendering at any time prior to the expiration of the offer.

Procedure for Tendering

To validly tender shares of HomeAway common stock held of record, HomeAway stockholders must:

if such shares are in certificated form or Direct Registration Form, deliver a properly completed and duly executed letter of transmittal, along with any required signature guarantees and any other required documents, and certificates, if applicable, for tendered HomeAway shares to the exchange agent for the offer, at one of its addresses set forth elsewhere in this document, all of which must be received by the exchange agent prior to the expiration of the offer; or if such shares are in electronic book-entry form, deliver an agent s message in connection with a book-entry transfer, and any other required documents, to the exchange agent at its address set forth elsewhere in this document and follow the other procedures for book-entry tender set forth herein, all of which must be received by the exchange agent prior to the expiration date.

If shares of HomeAway common stock are held in street name (*i.e.*, through a broker, dealer, commercial bank, trust company or other nominee), those shares may be tendered by the nominee holding such shares by book-entry transfer through DTC. To validly tender such shares held in street name, HomeAway stockholders should instruct such nominee to do so prior to the expiration of the offer.

The term agent s message means a message transmitted by DTC to, and received by, the exchange agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the DTC participant tendering the shares that are the subject of such book-entry confirmation, that such participant has received and agrees to be bound by the terms of the letter of transmittal and that the Offeror may enforce that agreement against such participant.

The exchange agent has established an account with respect to the shares at DTC in connection with the offer, and any financial institution that is a participant in DTC may make book-entry delivery of shares by causing DTC to transfer such shares prior to the expiration date into the exchange agent s account in accordance with DTC s procedure for such transfer. However, although delivery of shares may be effected through book-entry transfer at DTC, the letter of transmittal with any required signature guarantees, or an agent s message, along with any other required documents, must, in any case, be received by the exchange agent at one of its addresses set forth elsewhere in this document prior to the expiration of the offer. The Offeror cannot assure HomeAway stockholders that book-entry delivery of shares will be available. If book-entry delivery is not available, HomeAway stockholders must tender shares by means of delivery of HomeAway share certificates. **The Offeror is not providing for guaranteed delivery procedures and therefore HomeAway stockholders who hold their shares through a DTC participant must allow sufficient time for the necessary tender procedures to be completed during normal business hours of DTC prior to the expiration of the offer.** Tenders received by the exchange agent after the expiration of the offer will be disregarded and of no effect.

Signatures on all letters of transmittal must be guaranteed by an eligible institution, except in cases in which shares are tendered either by a registered holder of shares who has not completed the box entitled Special Issuance Instructions or the box entitled Special Delivery Instructions on the letter of transmittal or for the account of an eligible institution.

If the certificates for shares are registered in the name of a person other than the person who signs the letter of transmittal, or if payment is to be made or delivered to, or a share certificate not accepted for exchange or not tendered (including any certificate for unexchanged shares) is to be issued in the name of, a person other than the registered holder(s), the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered owner or owners appear on the certificates, with the signature or signatures on the certificates or stock powers guaranteed by an eligible institution.

The method of delivery of HomeAway share certificates and all other required documents, including delivery through DTC, is at the option and risk of the tendering HomeAway stockholder, and delivery will be deemed made only when actually received by the exchange agent. If delivery is by mail, the Offeror recommends registered mail with return receipt requested and properly insured. In all cases, HomeAway stockholders should allow sufficient time to ensure timely delivery.

To prevent U.S. federal backup withholding, each HomeAway stockholder that is a U.S. person (as defined in the Code), other than a stockholder exempt from backup withholding as described elsewhere in this document, must provide the exchange agent with its correct taxpayer identification number and certify that it is not subject to backup withholding of U.S. federal income tax by completing the IRS Form W-9 included in the letter of transmittal. Certain stockholders (including, among others, certain foreign persons) are not subject to these backup withholding requirements. In order for a HomeAway stockholder that is a foreign person to qualify as an exempt recipient for purposes of U.S. federal backup withholding, the stockholder must submit an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or other applicable IRS Form W-8, signed under penalties of perjury, attesting to such person s exempt status. In addition, HomeAway stockholders that are foreign persons may be subject to U.S. federal withholding tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) with respect to cash received pursuant to the offer. See the discussion under Material U.S. Federal Income Tax Consequences.

The tender of shares pursuant to any of the procedures described above will constitute a binding agreement between the Offeror and the tendering HomeAway stockholder upon the terms and subject to the satisfaction or waiver of the conditions of the offer (including, if the offer is extended or amended, the terms and conditions of any such extension or amendment).

No Guaranteed Delivery

The Offeror is not providing for guaranteed delivery procedures, and therefore HomeAway stockholders must allow sufficient time for the necessary tender procedures to be completed prior to the expiration date. If HomeAway stockholders hold shares through a DTC participant, such stockholders must allow sufficient time for the necessary tender procedures to be completed during normal business hours of DTC prior to the expiration date. HomeAway stockholders must tender their HomeAway shares in accordance with the procedures set forth in this document. In all cases, the Offeror will exchange shares tendered and accepted for exchange pursuant to the offer only after timely receipt by the exchange agent of certificates for shares (or timely confirmation of a book-entry transfer of such shares into the exchange agent s account at DTC as described elsewhere in this document), a properly completed and duly executed letter of transmittal (or an agent s message in connection with a book-entry transfer) and any other required documents.

Grant of Proxy

By executing a letter of transmittal, a HomeAway stockholder will irrevocably appoint the Offeror s designees as such HomeAway stockholder s attorneys-in-fact and proxies, each with full power of substitution, to exercise to the full extent such stockholder s rights with respect to its shares tendered and accepted for exchange by the Offeror and with respect to any and all other shares and other securities issued or issuable in respect of those shares. That appointment is effective, and voting rights will be effected, when and only to the extent that the Offeror accepts tendered HomeAway shares for exchange pursuant to the offer and deposits with the exchange agent the transaction consideration for such shares. All such proxies will be considered coupled with an interest in the tendered shares and therefore will not be revocable. Upon the effectiveness of such appointment, all prior powers of attorney and proxies that the HomeAway stockholder has given will be revoked, and such stockholder may not give any subsequent powers of attorney or proxies (and, if given, they will not be deemed effective). The Offeror s designees will, with respect to the shares for which the appointment is effective, be empowered, among other things, to exercise all of such stockholder s voting and other rights as they, in their sole discretion, deem proper at any annual, special or adjourned meeting of HomeAway s stockholders or otherwise.

The Offeror reserves the right to require that, in order for shares to be deemed validly tendered, immediately upon the Offeror s acceptance of such shares for exchange, the Offeror must be able to exercise full voting rights with respect to such shares. **However, prior to acceptance for exchange by the Offeror in accordance with terms of the offer, the appointment will not be effective, and the Offeror will have no voting rights as a result of the tender of shares.**

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Fees and Commissions

Tendering registered HomeAway stockholders who tender shares directly to the exchange agent will not be obligated to pay any charges or expenses of the exchange agent or any brokerage commissions. Tendering HomeAway stockholders who hold HomeAway shares through a broker, dealer, commercial bank, trust company or other nominee should consult that institution as to whether or not such institution will charge the stockholder any service fees in connection with tendering shares pursuant to the offer. Except as set forth in the instructions to the letter of transmittal, transfer taxes on the exchange of shares pursuant to the offer will be paid by the Offeror.

Matters Concerning Validity and Eligibility

The Offeror will determine questions as to the validity, form, eligibility (including time of receipt) and acceptance for exchange of any tender of shares, in its sole discretion, and its determination will be final and binding to the fullest extent permitted by law. The Offeror reserves the absolute right to reject any and all tenders of shares that it determines are not in the proper form or the acceptance of or exchange for which may be unlawful. The Offeror also reserves the absolute right to waive any defect or irregularity in the tender of any shares. No tender of shares will be deemed to have been validly made until all defects and irregularities in tenders of such shares have been cured or waived. None of the Offeror, Expedia, HomeAway or any of their affiliates or assigns, the exchange agent, the information agent or any other person will be under any duty to give notification of any defects or irregularities in the tender of any shares or will incur any liability for failure to give any such notification. The Offeror s interpretation of the terms and conditions of the offer (including the letter of transmittal and instructions thereto) will be final and binding to the fullest extent permitted by law.

HomeAway stockholders who have any questions about the procedure for tendering shares in the offer should contact the information agent at the address and telephone number set forth elsewhere in this document.

Announcement of Results of the Offer

Expedia will announce the final results of the offer, including whether all of the conditions to the offer have been satisfied or waived and whether the Offeror will accept the tendered shares of HomeAway common stock for exchange, as promptly as practicable following the expiration date. The announcement will be made by a press release in accordance with applicable securities laws and stock exchange requirements.

Purpose of the Offer and the Mergers

The purpose of the offer is for Expedia to acquire control of, and ultimately the entire equity interest in, HomeAway. The offer, as the first step in the acquisition of HomeAway, is intended to facilitate the acquisition of HomeAway. Accordingly, if the offer is completed and as a second step in such plan, pursuant to the terms and subject to the conditions of the transaction agreement, as soon as practicable following the consummation of the offer, Expedia intends to consummate a merger of the Offeror with and into HomeAway, with HomeAway surviving the merger. The purpose of the first merger is for Expedia to acquire all shares of HomeAway common stock that it did not acquire in the offer. In the first merger, each outstanding share of HomeAway common stock that was not acquired by Expedia or the Offeror in the offer (other than certain dissenting, converted and cancelled shares, as described further in this document) will be converted into the right to receive the transaction consideration. Upon consummation of the first merger, the HomeAway business will be held in a direct wholly owned subsidiary of Expedia, and the former stockholders of HomeAway will no longer have any direct ownership interest in the surviving corporation.

Immediately following the first merger and as the final step in Expedia s plan to acquire all of the outstanding shares of HomeAway common stock, the surviving corporation will merge with and into Expedia, with Expedia surviving the second merger.

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No Stockholder Approval

If the offer is consummated, Expedia is not required to and will not seek the approval of HomeAway s remaining public stockholders before effecting the first merger. Section 251(h) of the DGCL provides that following consummation of a successful tender offer for a public corporation, and subject to certain statutory provisions, if the acquiring corporation owns at least the amount of shares of each class of stock of the target corporation that would otherwise be required to approve a merger involving the target corporation, and the other stockholders receive the same consideration for their stock in the merger as was payable in the tender offer, the acquiring corporation can effect a merger without the action of the other stockholders of the target corporation. Accordingly, if the offer is completed, it will mean that the minimum tender condition has been satisfied, and if the minimum tender condition has been satisfied, it will mean that the first merger will be subject to 251(h) of the DGCL. Accordingly, if the offer is completed, Expedia intends to effect the closing of the first merger without a vote of the HomeAway stockholders in accordance with Section 251(h) of the DGCL.

Dissenters Rights

No appraisal rights are available to the holders of HomeAway shares in connection with the offer. However, if the first merger is consummated, the holders of HomeAway shares immediately prior to the effective time of the first merger who (1) did not tender HomeAway shares in the offer; (2) follow the procedures set forth in Section 262 of the DGCL; and (3) do not thereafter withdraw their demand for appraisal of such shares or otherwise lose their appraisal rights, in each case in accordance with the DGCL, will be entitled to have their shares appraised by the Delaware Court of Chancery and receive payment of the fair value of such shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, as determined by such court.

The fair value of any HomeAway shares could be based upon considerations other than, or in addition to, the price paid in the offer and the first merger and the market value of such shares. Holders of HomeAway shares should recognize that the value so determined could be higher or lower than, or the same as, the consideration payable in the offer and the first merger. Moreover, Expedia and HomeAway may argue in an appraisal proceeding that, for purposes of such proceeding, the fair value of such shares of HomeAway common stock is less than such amount.

Under Section 262 of the DGCL, if a merger is approved under Section 251(h), either a constituent corporation before the effective date of the merger, or the surviving corporation within ten days thereafter, must notify each of the holders of any class or series of stock of such constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of such constituent corporation, and will include in such notice a copy of Section 262 of the DGCL. **The Schedule 14D-9 will constitute the formal notice of appraisal rights under Section 262 of the DGCL.**

As will be described more fully in the Schedule 14D-9, if a HomeAway stockholder elects to exercise appraisal rights under Section 262 of the DGCL, such stockholder must do all of the following:

- within the later of the consummation of the offer and 20 days after the mailing of the Schedule 14D-9, deliver to HomeAway a written demand for appraisal of shares of HomeAway common stock held, which demand must reasonably inform HomeAway of the identity of the stockholder and that the stockholder is demanding appraisal;

not tender HomeAway shares in the offer; and

continuously hold of record the shares from the date on which the written demand for appraisal is made through the effective time of the first merger.

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This does not purport to be a complete statement of the procedures to be followed by HomeAway stockholders desiring to exercise any appraisal rights and is qualified in its entirety by reference to Section 262 of the DGCL. The proper exercise of appraisal rights requires strict and timely adherence to the applicable provisions of Delaware law. A copy of Section 262 of the DGCL will be included as Annex B to the Schedule 14D-9.

Non-Applicability of Rules Regarding Going Private Transactions

The SEC has adopted Rule 13e-3 under the Exchange Act, which is applicable to certain going private transactions, and which may under certain circumstances be applicable to the first merger or another business combination following the purchase of shares pursuant to the offer in which the Offeror seeks to acquire the remaining shares not held by it. The Offeror believes that Rule 13e-3 will not be applicable to the first merger because it is anticipated that the first merger will be effected within one year following the consummation of the offer and, in the first merger, stockholders will receive the same consideration as that paid in the offer.

Plans for HomeAway

In connection with the offer, Expedia has reviewed and will continue to review various possible business strategies that it might consider in the event that the Offeror acquires control of HomeAway, whether pursuant to the offer, the mergers or otherwise. Following a review of additional information regarding HomeAway, these changes could include, among other things, changes in HomeAway s business, operations, personnel, employee benefit plans, corporate structure, capitalization and management. See also The Offer Expedia s Reasons for the Offer and the Mergers.

Delisting and Termination of Registration

Following consummation of the transactions, shares of HomeAway common stock will no longer be eligible for inclusion on the NASDAQ and will be withdrawn from listing. Assuming that HomeAway qualifies for termination of registration under Exchange Act after the transactions are consummated, Expedia also intends to seek to terminate the registration of shares of HomeAway common stock under the Exchange Act. See Effect of the Offer on the Market for HomeAway Shares; NASDAQ Listing; Registration Under the Exchange Act; Margin Regulations.

Board of Directors and Management; Organizational Documents

Upon consummation of the mergers, the directors and officers of Expedia immediately prior to the consummation of the mergers will be the directors and officers of Expedia, as the surviving corporation in the second merger. Upon consummation of the mergers, the certificate of incorporation and bylaws of Expedia as in effect immediately prior to the effective time of the mergers will be the certificate of incorporation and bylaws of Expedia, as the surviving corporation in the second merger. After Expedia s review of HomeAway and its corporate structure, management and personnel, Expedia will determine what changes, if any, are desirable.

Ownership of Expedia After the Offer and the Mergers

It is estimated that former stockholders of HomeAway will own in the aggregate approximately 14.8% of the outstanding shares of Expedia common stock and approximately 13.5% of the outstanding shares of Expedia s capital stock (common stock and class B common stock), representing approximately 7.6% of the total voting power of Expedia s outstanding capital stock (common stock and class B common stock), immediately following consummation of the offer and the mergers, assuming that:

Expedia acquires through the offer and the first merger 100% of the outstanding shares of common stock of HomeAway;

in the offer and the first merger, Expedia issues 20,301,796 shares of Expedia common stock as part of the transaction consideration; and

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immediately following completion of the transactions, there are 137,467,380 shares of Expedia common stock outstanding (calculated by adding 117,165,584 the number of shares of Expedia common stock outstanding as of November 6, 2015 (excluding treasury shares), plus 20,301,796, the number of shares of Expedia common stock estimated to be issued as part of the transaction consideration), and 12,799,999 shares of Expedia class B common stock outstanding.

The percentage of votes for all classes of Expedia s capital stock is based on one vote for each share of common stock and ten votes for each share of class B common stock.

Effect of the Offer on the Market for the HomeAway Shares; NASDAQ Listing; Registration Under the Exchange Act; Margin Regulations

Effect of the Offer on the Market for HomeAway Shares

The purchase of HomeAway shares by the Offeror pursuant to the offer will reduce the number of holders of HomeAway shares and the number of HomeAway shares that might otherwise trade publicly and could adversely affect the liquidity and market value of the remaining HomeAway shares held by the public. The extent of the public market for HomeAway shares after consummation of the offer and the availability of quotations for such shares will depend upon a number of factors, including the number of stockholders holding HomeAway shares, the aggregate market value of the HomeAway shares held by the public at such time, the interest of maintaining a market in the HomeAway shares, analyst coverage of HomeAway on the part of any securities firms and other factors. It is anticipated that, because the first merger will be subject to Section 251(h) of the DGCL if the offer is consummated, the first merger will be consummated as promptly as practicable after the offer is consummated (and possibly on the same day the offer is consummated). As a result of the first merger, shares of HomeAway common stock will no longer qualify for inclusion on the NASDAQ and will be withdrawn from listing.

NASDAQ Listing

The shares of HomeAway common stock are currently listed on the NASDAQ. However, the rules of the NASDAQ establish certain criteria that, if not met, could lead to the discontinuance of listing of the shares of HomeAway common stock from the NASDAQ. Among such criteria are the number of stockholders, the number of shares publicly held and the aggregate market value of the shares publicly held. If, as a result of the purchase of shares of HomeAway common stock pursuant to the offer or otherwise, shares of HomeAway common stock no longer meet the requirements of the NASDAQ for continued listing and the shares of HomeAway common stock are delisted, the market for such shares would be adversely affected.

Following the consummation of the offer, if the first merger is for some reason not consummated, it is possible that shares of HomeAway common stock would be traded on other securities exchanges (with trades published by such exchanges), the OTC Bulletin Board or in a local or regional over-the-counter market. The extent of the public market for such shares would, however, depend upon the number of HomeAway stockholders and the aggregate market value of shares of HomeAway common stock remaining at such time, the interest in maintaining a market in such shares on the part of securities firms, the possible termination of registration of shares of HomeAway common stock under the Exchange Act and other factors. As a result of the first merger, shares of HomeAway common stock will no longer qualify for inclusion on the NASDAQ and will be withdrawn from listing.

Margin Regulations

The shares of HomeAway common stock are currently margin securities under the Regulations of the Board of Governors of the Federal Reserve System (the Federal Reserve Board), which designation has the effect, among other effects, of allowing brokers to extend credit on the collateral of such shares of HomeAway common stock. Depending upon factors similar to those described above regarding the market for HomeAway shares and stock quotations, it is possible that, following the offer, shares of HomeAway common stock would no longer constitute margin securities for the purposes of the margin regulations of the Federal Reserve Board and, therefore, could no longer be used as collateral for loans made by brokers. As a result of the first merger, shares of HomeAway common stock will no longer constitute margin securities.

Registration Under the Exchange Act

The shares of HomeAway common stock are currently registered under the Exchange Act. Such registration may be terminated upon application by HomeAway to the SEC if HomeAway shares are neither listed on a national securities exchange nor held by 300 or more holders of record. Termination of registration of HomeAway shares under the Exchange Act would substantially reduce the information required to be furnished by HomeAway to its stockholders and to the SEC and would make certain provisions of the Exchange Act no longer applicable to HomeAway, such as the short-swing profit recovery provisions of Section 16(b) of the Exchange Act, the requirement of furnishing a proxy statement pursuant to Section 14(a) of the Exchange Act in connection with meetings of stockholders and the related requirement of furnishing an annual report to stockholders and the requirements of Rule 13e-3 under the Exchange Act with respect to going private transactions. Furthermore, the ability of affiliates of HomeAway and persons holding restricted securities of HomeAway to dispose of such securities pursuant to Rule 144 promulgated under the Securities Act may be impaired. If registration of shares of HomeAway common stock under the Exchange Act were terminated, such shares would no longer be margin securities or be eligible for quotation on the NASDAQ. After consummation of the offer, Expedia and the Offeror currently intend to cause HomeAway to terminate the registration of HomeAway shares under the Exchange Act as soon as the requirements for termination of registration are met.

Conditions of the Offer

Notwithstanding any other provisions of the offer and in addition to the Offeror s rights to extend, amend or terminate the Offer in accordance with the terms and conditions of the transaction agreement, the Offeror and Expedia are not required to accept for exchange or, subject to any applicable rules and regulations of the SEC (including Rule 14e-1(c) under the Exchange Act), exchange the transaction consideration for any tendered HomeAway shares, if at the expiration of the offer any of the following conditions have not been satisfied or waived:

Minimum Tender Condition HomeAway stockholders having validly tendered and not validly withdrawn in accordance with the terms of the offer and prior to the expiration of the offer a number of shares of HomeAway common stock that, together with any shares of HomeAway common stock then owned by Expedia and the Offeror, represents at least a majority of all then-outstanding shares of HomeAway common stock.

Regulatory Approvals Any applicable waiting period under the HSR Act having expired or been terminated and the parties having received any applicable approvals, consents or clearances under the competition laws of Germany and Australia.

Effectiveness of Form S-4 The registration statement on Form S-4, of which this document is a part, must have become effective under the Securities Act, and must not be the subject of any stop order or proceeding seeking a stop order.

No HomeAway Material Adverse Effect There must not have occurred (i) any material adverse effect on the ability of HomeAway to consummate the transactions prior to May 4, 2016 or (ii) any change, effect, development, circumstance, condition, state of facts, event or occurrence after the date of the transaction agreement that would reasonably be expected to have, individually or in the aggregate, a material adverse effect on HomeAway (with such term as defined in the transaction agreement and described under Transaction Agreement Material Adverse Effect), and that is continuing as of immediately prior to the expiration of the offer.

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No Expedia Material Adverse Effect There must not have occurred (i) any material adverse effect on the ability of Expedia to consummate the transactions prior to May 4, 2016 or (ii) any change, effect, development, circumstance, condition, state of facts, event or occurrence after the date of the transaction agreement that would reasonably be expected to have, individually or in the aggregate, a material adverse effect on Expedia (with such term as defined in the transaction agreement and described under Transaction Agreement Material Adverse Effect), and that is continuing as of immediately prior to the expiration of the offer.

Listing of Expedia Common Stock The shares of Expedia common stock to be issued in the offer and the first merger must have been approved for listing on the NASDAQ, subject to official notice of issuance.

No Legal Prohibition No law, order or injunction restraining or enjoining or otherwise prohibiting the consummation of the offer or the mergers must have been enacted, issued, promulgated or granted by a governmental entity of competent jurisdiction.

HomeAway s Compliance with Covenants HomeAway must have performed or complied in all material respects with the covenants and agreements required to be performed or complied with by it under the transaction agreement prior to the expiration of the offer.

Accuracy of HomeAway s Representations and Warranties the representations and warranties of HomeAway in the transaction agreement must be true and correct as of the expiration of the offer as though made on and as of the expiration of the offer (except for representations and warranties that by their terms speak specifically as of the date of the transaction agreement or another date, in which case as of such date), except where the failure of such representations and warranties to be true and correct (without giving effect to any qualification as to materiality or material adverse effect) have not had and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on HomeAway (with such term as defined in the transaction agreement and described under Transaction Agreement Material Adverse Effect); provided that (1) HomeAway s representations and warranties related to its organization, qualification and existence, its authority to enter into the transaction agreement, that no approval of the mergers is required by HomeAway stockholders, enforceability of the transaction agreement and that no material adverse effect on HomeAway (with such term as defined in the transaction agreement and described under Transaction Agreement Material Adverse Effect) having occurred from December 31, 2014 through November 4, 2015 (the date of the transaction agreement) must be true and correct in all respects, (2) HomeAway s representations and warranties related to its subsidiaries, equity awards schedule, voting debt or other agreements, state takeover statutes and broker must be true and correct in all material respects and (3) HomeAway s representations related to its capitalization must be true and correct in all respects, except for any failures to be true and correct that would not increase the aggregate amount of HomeAway shares and/or share equivalents outstanding as of November 2, 2015 by more than 500,000.

Expedia Tax Opinion Expedia must have received an opinion of Wachtell Lipton, counsel to Expedia, in form and substance reasonably satisfactory to Expedia, dated as of the date of the expiration of the offer, to the effect that, based on facts, representations and assumptions described or referred to in such opinion, the offer and the mergers, taken together, will qualify as a reorganization within the meaning of Section 368(a) of the Code.

HomeAway Tax Opinion HomeAway must have received an opinion of WSGR, counsel to HomeAway, in form and substance reasonably satisfactory to HomeAway, dated as of the date of the expiration of the offer, to the effect that, based on facts, representations and assumptions described or referred to in such opinion, the offer and the mergers, taken together, will qualify as a reorganization within the meaning of Section 368(a) of the Code.

No Termination of the Transaction Agreement The transaction agreement must not have been terminated in accordance with its terms.

The foregoing conditions are in addition to, and not a limitation of, the rights of Expedia and the Offeror to extend, terminate or modify the offer in accordance with the terms and conditions of the transaction agreement. The conditions to the offer are for the sole benefit of Expedia and the Offeror and may be asserted by Expedia or the Offeror regardless of the circumstances giving rise to any such condition or may be waived by Expedia or the Offeror, by express and specific action to that effect, in whole or in part at any time and from time to time, in each case. However, certain specified conditions may only be waived by Expedia or the Offeror with the prior written consent of HomeAway. These conditions are the minimum tender condition, the receipt of required regulatory approvals, lack of legal prohibitions, no material adverse effect on Expedia having occurred, the shares of Expedia common stock to be issued in the offer and the first merger having been approved for listing on the NASDAQ, the receipt of an opinion by each of Expedia and HomeAway from their respective legal counsel to the effect that the offer and the mergers, taken together, will qualify as a reorganization within the meaning of Section 368(a) of the Code, the registration statement on Form S-4, of which this document is a part, having become effective, and that the transaction agreement has not been terminated in accordance with its terms. Pursuant to the transaction agreement, HomeAway has the right to require that Expedia and the Offeror waive the conditions relating to receipt of the tax opinions and no material adverse effect on Expedia having occurred. There is no financing condition to the offer.

Regulatory Approvals

General

Expedia is not aware of any governmental license or regulatory permit that appears to be material to HomeAway s business that might be adversely affected by the acquisition of HomeAway shares pursuant to the offer or the mergers or, except as described below, of any approval or other action by any government or governmental administrative or regulatory authority or agency, domestic or foreign, that would be required for the acquisition or ownership of HomeAway shares pursuant to the offer or the mergers. Should any of these approvals or other actions be required, Expedia and the Offeror currently contemplate that these approvals or other actions will be sought. There can be no assurance that (a) any of these approvals or other actions, if needed, will be obtained (with or without substantial conditions), (b) if these approvals were not obtained or these other actions were not taken adverse consequences would not result to HomeAway s business, or (c) certain parts of HomeAway s or any of its subsidiaries businesses would not have to be disposed of or held separate. The Offeror s obligation under the offer to accept for exchange and pay for shares is subject to certain conditions. See The Offer Conditions of the Offer.

Subject to the terms and conditions of the transaction agreement, Expedia and HomeAway have agreed to use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws to consummate the offer and the mergers as soon as practicable after the date of the transaction agreement.

HSR Act

Under the HSR Act and the rules that have been promulgated thereunder, the offer cannot be completed until Expedia and HomeAway file a Notification and Report Form with the Federal Trade Commission (FTC) and the Antitrust Division of the U.S. Department of Justice (DOJ) under the HSR Act, and the applicable waiting period has expired or been terminated, which is also a condition to the consummation of the offer.

Pursuant to the requirements of the HSR Act, Expedia and HomeAway each filed a Notification and Report Form with respect to the offer with the DOJ and the FTC on November 9, 2015. The 30-day waiting period under the HSR Act will expire at 11:59 p.m. Eastern Standard Time on December 9, 2015, unless terminated early or extended by a request for additional information or documentary materials. On November 20, 2015, the FTC granted early termination of the waiting period applicable to the offer and the mergers under the HSR Act. With such early termination, the condition to the offer relating to the expiration or termination of the HSR Act waiting period has been satisfied.

At any time before or after consummation of the transactions, notwithstanding the termination or expiration of the waiting period under the HSR Act, the FTC or the DOJ could take such action under the antitrust laws as it deems necessary under the applicable statutes, including seeking to enjoin the completion of the offer or the mergers, seeking divestiture of substantial assets of the parties, or requiring the parties to license, or hold separate, assets or terminate existing relationships and contractual rights. At any time before or after the completion of the transactions, and notwithstanding the termination or expiration of the waiting period under the HSR Act, any state could take such action under the antitrust laws as it deems necessary. Such action could include seeking to enjoin the completion of the offer or the mergers or seeking divestiture of substantial assets of the parties, or requiring the parties to license, or hold separate, assets or terminate existing relationships and contractual rights. Private parties may also seek to take legal action under the antitrust laws under certain circumstances.

There can be no assurance that a challenge to the transactions on antitrust grounds will not be made, or if such a challenge is made, what the result will be. See The Offer Conditions of the Offer for certain conditions to the offer, including conditions with respect to regulatory approvals and certain governmental actions.

Other Regulatory Approvals

Expedia and HomeAway derive revenues in other jurisdictions where antitrust or competition law filings or clearances are or may be required, including filings with and clearance from the German Federal Cartel Office under the German Act Against Restrictions of Competition, as amended, and the Australian Competition and Consumer Commission pursuant to section 50 of the Australian Competition and Consumer Act of 2010, as amended. On December 7, 2015 (U.S. time), the Australian Competition and Consumer Commission informed Expedia that it had completed its review of the offer, and accordingly the condition to the offer relating to the clearance pursuant to the Australian Competition and Consumer Act of 2010 has been satisfied. The offer may not be completed until after the applicable waiting periods have expired or the relevant approval has been obtained under the antitrust or competition laws of Germany, which Expedia expects to obtain by the end of the day on December 14, 2015. The transaction agreement requires Expedia and HomeAway to make any filings required under applicable foreign antitrust or competition laws as promptly as practicable.

Interests of Certain Persons in the Offer and the Mergers

HomeAway s directors and executive officers may have interests in the offer, the mergers, and the other transactions contemplated by the transaction agreement that are different from, or in addition to, the interests of the HomeAway stockholders generally. These interests may create potential conflicts of interest. The HomeAway board of directors was aware of these interests and considered them, among other matters, in approving the transaction agreement and the transactions contemplated by the transaction agreement, as discussed more fully in the section entitled The Offer HomeAway s Reasons for the Offer and the Mergers; Recommendation of HomeAway s Board of Directors.

Consideration for HomeAway Shares in the Mergers

The following table sets forth the estimated transaction consideration payable for HomeAway shares owned, directly or indirectly, by each of HomeAway s executive officers and directors, excluding HomeAway shares subject to HomeAway restricted stock awards, HomeAway restricted stock units and HomeAway options. The estimates in the table set forth below assume (i) the mergers occur on January 31, 2016, (ii) HomeAway share ownership as of such date based on HomeAway shares and HomeAway equity awards held as of November 12, 2015 (such numbers have been adjusted to account for any HomeAway restricted stock awards and HomeAway restricted stock units that will vest between November 12, 2015 and January 31, 2016), and (iii) the price per HomeAway share is $37.38, based on the average closing price of HomeAway shares over the five business days following the public announcement of the transaction agreement.

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Name	Number of Shares Owned	Cash Value of Shares Owned ($)
Brian H. Sharples	72,801	2,721,301
Lynn Atchison	78,340	2,928,349
Mariano Dima	13,226	494,388
Thomas Hale	45,606	1,704,752
Melissa Frugé	1,525	57,005
Charles (Lanny) Baker	3,809	142,380
Carl G. Shepherd	175,761	6,569,946
Simon Breakwell	3,809	142,380
Jeffrey D. Brody	143,762	5,373,824
Kevin Krone	6,169	230,597
Simon Lehman	3,224	120,513
Christopher (Woody) Marshall	12,271	458,690
Tina Sharkey	3,809	142,380

Consideration for HomeAway Options in the Mergers

As of November 12, 2015, HomeAway s directors and current executive officers held outstanding HomeAway options to purchase 3,076,229 HomeAway shares in the aggregate under HomeAway s 2011 Equity Incentive Plan, 2005 Stock Plan and 2004 Stock Plan (collectively, the HomeAway plans), with exercise prices ranging from $2.06 to $45.74. Pursuant to and as further described in the transaction agreement, at the effective time of the first merger, each HomeAway option that is outstanding and vested immediately prior to the effective time of the first merger (including any HomeAway options that will vest as of the effective time of the first merger) will be cancelled and converted into the right to receive the transaction consideration in respect of each net share of HomeAway stock subject to the HomeAway option, if any, less applicable tax withholdings. The number of net shares is determined pursuant to a formula set forth in the transaction agreement that takes into account the exercise price of such vested HomeAway option. The applicable taxes to be withheld shall reduce the cash consideration and the stock consideration in proportion to the value of the cash consideration and the stock consideration payable to common stockholders in the first merger. Any fractional net shares will be settled in cash based on the cash value of the transaction consideration, less applicable tax withholdings.

Pursuant to and as further described in the transaction agreement, at the effective time of the first merger, each HomeAway option that is outstanding and unvested immediately prior to the effective time of the first merger (and does not vest as of the effective time of the first merger) will be assumed by Expedia and converted automatically into an option to purchase shares of Expedia common stock (each an assumed option). The number of shares of Expedia common stock subject to the assumed option will be determined by multiplying the number of shares of HomeAway common stock subject to the assumed option immediately prior to the effective time of the first merger by the equity award exchange ratio (defined below), rounded down the nearest whole share of Expedia common stock. The per share exercise price for the shares of Expedia common stock issuable upon the exercise of the assumed option will be determined by dividing the per share exercise price of the HomeAway common stock subject to such assumed option, as in effect immediately prior to the effective time of the first merger, by the equity award exchange ratio, rounded up the nearest whole cent. Each assumed option will otherwise be subject to the same terms and conditions applicable to the unvested HomeAway option under the applicable plan and stock option agreement immediately prior to the effective time of the first merger, including vesting. The equity award exchange ratio means a fraction (rounded to four decimal places) having a numerator equal to the per share cash-equivalent value of transaction consideration and a denominator equal to the volume weighted average closing sales price of Expedia common stock as reported on the NASDAQ for the ten consecutive trading day period ending one day prior to the acceptance time.

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Consideration for HomeAway Restricted Stock Units in the Mergers

As of November 12, 2015, HomeAway s directors and executive officers held outstanding HomeAway restricted stock units under the HomeAway plans in respect of a total of 301,013 HomeAway shares. Pursuant to, and as further described in, the transaction agreement, at the effective time of the first merger, each HomeAway restricted stock unit that is outstanding and unvested immediately prior to the effective time of the first merger (and does not vest as a result of the occurrence of the effective time of the first merger) will be assumed by Expedia and converted into a restricted stock unit with respect to a number of shares of Expedia common stock (rounded up to the nearest whole share) equal to (i) the number of HomeAway shares subject to the unvested HomeAway restricted stock unit immediately prior to the effective time of the first merger, multiplied by (ii) the equity award exchange ratio. Each assumed unvested HomeAway restricted stock unit will otherwise be subject to the same terms and conditions applicable to the unvested HomeAway restricted stock unit under the applicable plan and restricted stock unit agreement immediately prior to the effective time of the first merger, including vesting.

At the effective time of the first merger, each HomeAway restricted stock unit that is outstanding immediately prior to the effective time of the first merger and that vests as of the effective time of the first merger will be cancelled in exchange for the right to receive the transaction consideration in respect of each share of HomeAway common stock subject to such vested HomeAway restricted stock unit, less applicable tax withholding. The applicable taxes to be withheld shall reduce the cash consideration and the stock consideration in proportion to the value of the cash consideration and the stock consideration payable to common stockholders in the first merger. Any fractional shares will be settled in cash based on the volume weighted average closing sales price of Expedia common stock as reported on the NASDAQ for the ten consecutive trading day period ending one day prior to the acceptance time, less applicable tax withholdings.

Consideration for HomeAway Restricted Stock Awards in the Mergers

As of November 12, 2015, HomeAway s directors and executive officers held outstanding HomeAway restricted stock awards under the HomeAway plans covering a total of 223,418 HomeAway shares. Pursuant to, and as further described in, the transaction agreement, at the effective time of the first merger, each HomeAway restricted stock award that is outstanding and unvested immediately prior to the effective time of the first merger (and does not vest as of the effective time of the first merger) will be assumed by Expedia and converted into a restricted stock award covering a number of shares of Expedia common stock (rounded up to the nearest whole share) equal to (i) the number of HomeAway shares subject to the unvested HomeAway restricted stock award immediately prior to the effective time of the first merger, multiplied by (ii) the equity award exchange ratio. Each assumed HomeAway restricted stock award will otherwise be subject to the same terms and conditions of the applicable plan and restricted stock award agreement immediately prior to the effective time of the first merger, including vesting.

At the effective time of the first merger, each HomeAway restricted stock award outstanding immediately prior to the effective time of the first merger and that vests as a result of the occurrence of the effective time of the first merger will be cancelled in exchange for the right to receive the transaction consideration in respect of each share of HomeAway common stock subject to such HomeAway restricted stock award, less applicable tax withholding. The applicable taxes to be withheld shall reduce the cash consideration and the stock consideration in proportion to the value of the cash consideration and the stock consideration payable to common stockholders in the first merger. Any fractional shares will be settled in cash based on the volume weighted average closing sales price of Expedia common stock as reported on the NASDAQ for the ten consecutive trading day period ending one day prior to the acceptance time, less applicable tax withholdings.

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Brian Sharples Single-Trigger Vesting

Pursuant to the terms of Brian Sharples employment agreement with HomeAway, dated May 27, 2011, as amended October 14, 2014, 50% of all of his outstanding, unvested HomeAway equity awards will vest single-trigger upon a change of control (the definition of which includes the mergers). HomeAway has also agreed to voluntarily accelerate the vesting of the remaining 50% of Mr. Sharples outstanding, unvested HomeAway equity awards effective as of the effective time of the first merger. Accordingly, 100% of Mr. Sharples outstanding, unvested HomeAway equity awards will vest as of the effective time of the first merger.

Treatment of Director Equity Awards

Pursuant to the terms of the HomeAway 2011 Equity Incentive Plan, equity awards held by non-employee directors that are assumed or substituted for in a merger or change of control (as defined in the 2011 Equity Incentive Plan, the definition of which includes the mergers) will become fully vested if such outside director s status as a director (of HomeAway or a successor) is terminated other than upon a voluntary resignation (excluding resignation at the request of the acquirer).

Carl Shepherd s Separation Terms

HomeAway has agreed to provide for accelerated vesting for all Mr. Shepherd s remaining unvested equity upon his voluntary retirement, in exchange for a release of claims.

Executive Officer Double-Trigger Vesting

HomeAway executive officers are entitled to double-trigger acceleration of their equity awards (i.e., upon a qualifying termination of employment during the 18-month period following a change of control of HomeAway) under the terms of the severance agreements as described in more detail below under Executive Officer Severance Agreements. Under these provisions, if HomeAway terminates the employment of Mr. Sharples, Ms. Atchison, Mr. Dima, Mr. Hale or Ms. Frugé for any reason other than cause, or the executive officer resigns for good reason (each, a qualifying termination), within a period beginning three months prior to and ending 18 months after a change of control (as such terms are defined in the HomeAway severance agreement), 100% of the executive officer s outstanding, unvested equity awards will become fully vested.

Table of Estimated Consideration for Equity Awards

The table below sets forth, for each of HomeAway s executive officers and non-employee directors, the estimated transaction consideration each such individual would receive in the mergers for their HomeAway options, restricted stock units and restricted stock awards held as of November 12, 2015 (such numbers have been adjusted to account for any HomeAway restricted stock units, HomeAway restricted stock awards and HomeAway options that will vest between November 12, 2015 and January 31, 2016), assuming for purposes of this table that the mergers occur as of January 31, 2016 and that all such awards are fully vested as of the effective time of the first merger (i.e., after giving effect to (i) Mr. Sharples single trigger vesting provision, (ii) full vesting acceleration of equity awards held by Mr. Shepherd, assuming for purposes of this table that his retirement occurs upon the effective time of the first merger, (iii) accelerated vesting for equity awards held by members of the board pursuant to the terms of the 2011 Equity Incentive Plan, assuming that all members of the board are terminated without cause as of the effective time of the first merger, and (iv) the executive officers were to experience a qualifying termination upon the effective time of the first merger resulting in the double trigger acceleration of their HomeAway equity awards). The values in this table assume the price per share of HomeAway common stock is $37.38 (the reference per share value of a share of

HomeAway as determined in accordance with Item 402(t) of Regulation S-K).

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Name	Stock Options (#)	Value of Stock Options ($)(1)	Restricted Stock Units (#)	Value of Restricted Stock Units ($)(2)	Restricted Stock (#)	Value of Restricted Stock ($)(2)	Total ($)
Brian H. Sharples.	1,539,066	$ 24,593,342	106,019	$ 3,962,990	110,648	$ 4,136,022	$ 32,692,355
Lynn Atchison	404,563	$ 6,037,257	30,120	$ 1,125,886	28,865	$ 1,078,974	$ 8,242,117
Mariano Dima	149,467	$ 1,115,154	39,676	$ 1,483,089	40,411	$ 1,510,563	$ 4,108,806
Thomas Hale	513,754	$ 8,370,817	36,296	$ 1,356,744	40,411	$ 1,510,563	$ 11,238,125
Melissa Frugé	75,407	$ 765,537	19,896	$ 743,712	0	$	$ 1,509,250
Charles (Lanny) Baker	69,433	$ 918,737	2,870	$ 107,281	0	$	$ 1,026,017
Carl G. Shepherd	68,799	$ 389,592	30,769	$ 1,150,145	3,083	$ 115,243	$ 1,654,980
Simon Breakwell	53,204	$ 573,464	2,870	$ 107,281	0	$	$ 680,744
Jeffrey D. Brody	61,345	$ 651,513	2,870	$ 107,281	0	$	$ 758,793
Kevin Krone	39,746	$ 252,327	4,050	$ 151,389	0	$	$ 403,716
Simon Lehman	28,023	$ 76,493	4,552	$ 170,134	0	$	$ 246,647
Christopher P. Marshall	13,597	$ 76,493	2,870	$ 107,281	0	$	$ 183,774
Tina Sharkey	59,825	$ 766,838	2,870	$ 107,281	0	$	$ 874,118

(1) Equals (a) the number of shares subject to such HomeAway option multiplied by (b) (i) the assumed per share price of $37.38 minus (ii) the exercise price applicable to such HomeAway option.

(2) Equals (a) the number of shares subject to the HomeAway restricted stock units or restricted stock award, as applicable, multiplied by (b) the assumed per share price of $37.38.

Executive Officer Severance Agreements

HomeAway has entered into individual executive employment agreements with each of its current executive officers that include change of control severance provisions (the severance agreements). Each HomeAway severance agreement provides that upon a qualifying termination that occurs within a period beginning three months prior to and ending 18 months after a change of control (as such term is defined in the HomeAway severance agreement, and the definition of which includes the mergers), the executive officer will receive: (i) a lump sum cash payment equal to 12 months (24 months for Mr. Sharples) of the executive officer s base salary, payable within 30 days following the executive officer s termination of employment, (ii) vesting of 100% of the unvested portion of the executive s outstanding HomeAway equity awards, (iii) other than for Mr. Dima, continuing payments to reimburse the executive officer for continued coverage under HomeAway s group health plans for a period of up to 12 months (18 months for Mr. Sharples) and (iv) for Mr. Dima, certain ongoing employer provided benefits, including the costs of continuing employer-paid pension, group life insurance and other benefits. The foregoing payments are conditioned on the executive officer executing a release of claims agreement and continued compliance with the HomeAway confidentiality and proprietary information agreement and a non-disparagement covenant. Mr. Sharples is also entitled to single-trigger vesting of 100% of his unvested HomeAway equity awards upon the date of a change of control as described above under Brian Sharples Single-Trigger Vesting. In the event that the benefits provided for in the HomeAway severance agreements or otherwise constitute parachute payments within the meaning of Section 280G of the Code and would be subject to the excise tax imposed by Section 4999 of the Code, then such benefits under the HomeAway severance agreements will either be provided in full or reduced to the extent no portion of such benefits would be subject to the Section 4999 excise tax, whichever results in the executive officer having the greatest amount of severance benefits on an after-tax basis.

As defined in the HomeAway severance agreements, cause generally means the executive officer s (i) willful and continued failure to substantially perform the duties and obligations of his or her position, (ii) proven act of personal dishonesty, fraud or misrepresentation intended to result in substantial gain or personal enrichment at the expense of HomeAway, (iii) violation of a federal or state law or regulation applicable to HomeAway s business reasonably likely to be injurious to HomeAway, (iv) conviction of, or plea of nolo contendere or guilty to, a felony under the laws of the United States or any state, (v) breach of the HomeAway confidential information agreement or code of conduct, which is not cured within a 30 day cure period, or (vi) failure to reasonably cooperate with any government investigation involving the executive officer or HomeAway.

As defined in the HomeAway severance agreements, good reason generally means (i) a material reduction of the executive officer s duties, authority or responsibilities or change in title or reporting, other than any reduction or change resulting solely from HomeAway being acquired by and made part of a larger entity, (ii) a reduction of at least 10% in the total annual target cash compensation, (iii) a material reduction by HomeAway in the kind or level of employee benefits, (iv) a change in the geographic location of the executive officer s primary work facility or location of more than 50 miles, or (v) HomeAway s material breach of the agreement, which breach is not remedied in a specified cure period. Notwithstanding the foregoing, if the executive officer terminates employment for good reason and HomeAway discovers after such termination that the executive officer s conduct during the employment term would have entitled HomeAway to terminate the executive officer for cause then the executive officer shall remit all amounts paid for good reason (other than amounts that would have been payable upon termination for cause).

The estimated value of cash severance payments and other benefits payable to the executive officers under the severance agreements, excluding the value of any accelerated equity vesting and assuming that the executive officer experiences a qualifying termination upon the effective time of the first merger, is $1,110,419 for Mr. Sharples, $363,726 for Ms. Atchison, $426,815 for Mr. Dima, $395,701 for Mr. Hale and $310,701 for Ms. Frugé.

Executive Officer and Director Arrangements Following the Mergers

As of the date of this document, none of HomeAway s current executive officers have entered into any agreement with Expedia, HomeAway or their respective affiliates regarding employment with Expedia or its affiliates after the effective time of the first merger, although it is possible that Expedia or its affiliates may enter into employment or other arrangements with HomeAway s executive officers in the future.

Indemnification

The transaction agreement provides that Expedia, as the ultimate surviving corporation of the mergers, will indemnify and hold harmless, to the fullest extent permitted under applicable law, each current and former director and officer of HomeAway and its subsidiaries against liabilities in connection with claims based on or arising out of the fact that such person is or was such an officer, director, employee or other fiduciary of HomeAway or any of its subsidiaries. In addition, unless HomeAway has not obtained a tail insurance policy with respect to its directors and officers liability insurance because it is unavailable, for six years after the effective time of the first merger, Expedia, as the ultimate surviving corporation of the mergers, will maintain in effect the current policies of directors and officers liability insurance maintained by HomeAway, on the terms and conditions set forth in the transaction agreement. For a more complete description of the indemnification of the officers and directors of HomeAway and its subsidiaries, see Transaction Agreement Directors and Officers Indemnification.

Section 16 Matters

Pursuant to the transaction agreement, prior to the effective time of the first merger, HomeAway and Expedia have agreed to, as applicable, take all such steps as may be reasonably necessary or advisable to cause any dispositions of equity securities of HomeAway (including derivative securities) and acquisitions of equity securities of Expedia pursuant to the transactions contemplated by the transaction agreement by each individual who is a director or officer of HomeAway subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to HomeAway to be exempt under Rule 16b-3 promulgated under the Exchange Act.

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Rule 14d-10(d) Matters

The Compensation Committee of the HomeAway board of directors, at a meeting on November 4, 2015, duly adopted resolutions approving as an employment compensation, severance or other employee benefit arrangement within the meaning of Rule 14d-10(d)(1) under the Exchange Act (i) HomeAway change in control severance agreements with Jennifer Ford, Anand Srinivasan and Trent York; full single-trigger vesting acceleration of all outstanding HomeAway equity awards held by Brian H. Sharples, effective immediately prior to the first effective time; certain compensatory terms with Ross Buhrdorf if the first effective time occurs before December 31, 2015; full single-trigger vesting acceleration of Carl G. Shepherd s unvested equity awards immediately prior to the first effective time; an employment agreement with Melissa Frugé; the severance terms for certain continuing employees serving in a public company finance, public company legal or public company investor relations role set forth in Section 7.7(d) of the transaction agreement; and certain other employee benefit plans and compensation arrangements and (ii) the treatment of each HomeAway option, HomeAway restricted stock unit and HomeAway restricted stock award outstanding immediately prior to the first effective time in accordance with the terms of the transaction agreement. In addition, the Compensation Committee of the HomeAway board of directors will take all other actions necessary to satisfy the requirements of the non-exclusive safe harbor within Rule 14d-10(d)(2) under the Exchange Act with respect to the foregoing matters.

Certain Relationships With HomeAway

As of the date of this document, Expedia does not own any shares of HomeAway common stock. Neither Expedia nor the Offeror has effected any transaction in securities of HomeAway in the past 60 days. To the best of Expedia s and the Offeror s knowledge, after reasonable inquiry, none of the persons listed on Annex C hereto, nor any of their respective associates or majority-owned subsidiaries, beneficially owns or has the right to acquire any securities of HomeAway or has effected any transaction in securities of HomeAway during the past 60 days.

HomeAway Convertible Notes, Note Hedges and Warrants

As of September 30, 2015, $402,500,000 in aggregate principal amount of HomeAway s 0.125% Convertible Senior Notes due 2019 (the Convertible Notes) were outstanding. The Convertible Notes, may, under certain circumstances, be converted by their holders into shares of HomeAway common stock at the rate provided for in the indenture governing the Convertible Notes. Upon completion of the offer and the mergers, Expedia will be required to enter into a supplemental indenture to assume the Convertible Notes, and the Convertible Notes will become convertible into the transaction consideration that a holder of a number of HomeAway shares equal to the conversion rate would have received upon completion of the offer and the mergers. It is expected that, in connection with the offer and the mergers, the holders of the Convertible Notes will elect either (i) to convert the Convertible Notes to transaction consideration at the then applicable conversion rate, or (ii) to require Expedia to repurchase the Convertible Notes at a price equal to 100% of the principal amount of the Convertible Notes to be repurchased plus any accrued and unpaid interest to, but excluding, the repurchase date. It is also possible that the holders of the Convertible Notes elect to retain their Convertible Notes, which would then remain outstanding as an obligation of Expedia. To the extent the price deemed paid per share of HomeAway common stock (as determined in accordance with the indenture) is equal to or greater than $38.64, holders of Convertible Notes that elect to convert following the completion of the offer and the mergers until the business day immediately prior to the date Expedia is required to repurchase the Convertible Notes will be entitled to an increase in the conversion rate of the Convertible Notes.

In connection with the issuance of the Convertible Notes, HomeAway entered into convertible note hedge transactions (the Note Hedges) entitling it, upon a conversion election by a holder of Convertible Notes, to purchase shares of HomeAway common stock sufficient to satisfy the resulting conversion obligation (subject to the net settlement terms set forth therein). If any holders of Convertible Notes elect to convert their Convertible Notes following the offer and the mergers, it is expected that Expedia will receive in respect of the Note Hedges an amount in cash approximately equal to the excess of the value of the transaction consideration payable to such holders over the principal amount of the Convertible Notes converted.

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In connection with the issuance of the Convertible Notes, HomeAway also sold warrants (the Warrants) to acquire approximately 7.7 million shares of HomeAway common stock (subject to certain anti-dilution adjustments) at a strike price of $81.14. It is expected that, in connection with the offer and the mergers, the holders of the Warrants will terminate the Warrants in exchange for the making of a termination payment by Expedia as successor to HomeAway based upon the value of the Warrants as of the cancellation date.

Source and Amount of Funds

The offer and the mergers are not conditioned upon any financing arrangements or contingencies.

Expedia estimates the aggregate amount of cash consideration required to purchase the outstanding shares of HomeAway common stock and consummate the first merger will be approximately $1.02 billion, plus related fees and expenses. Expedia anticipates that the funds needed to complete the transactions will be derived from (i) available cash on hand, (ii) a borrowing of approximately $160 million on the Revolving Credit Facility and (iii) the net proceeds of a private placement of $750 million aggregate principal amount of Notes.

Expedia s Revolving Credit Facility has an aggregate committed amount of $1 billion and matures in September 2019. Drawn amounts under the Revolving Credit Facility bear interest (and fees are payable on undrawn commitment) based on Expedia s credit ratings, with drawn amounts bearing interest at LIBOR plus 150 basis points per annum and fees being payable on undrawn commitments at 20 basis points per annum as of September 30, 2015. Obligations under the Revolving Credit Facility are fully and unconditionally guaranteed by certain domestic Expedia subsidiaries (the Guarantors). The Revolving Credit Facility contains certain customary covenants including maximum leverage and minimum interest coverage ratios.

On December 8, 2015, Expedia completed the private placement of $750 million aggregate principal amount of the Notes. The Notes were issued pursuant to an indenture (the Indenture) among Expedia, the Guarantors and The Bank of New York Mellon Trust Company, N.A., as trustee. The Notes will be offered and sold only to qualified institutional buyers in the United States pursuant to Rule 144A and outside the United States pursuant to Regulation S under the Securities Act. The Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state laws.

The Notes are Expedia s senior unsecured obligations and will rank equally in right of payment with all of Expedia s existing and future unsecured and unsubordinated obligations. The Notes are fully and unconditionally guaranteed by the Guarantors. So long as the guarantees are in effect, each Guarantor s guarantee will be the senior unsecured obligation of such Guarantor and will rank equally in right of payment with all of such Guarantor s existing and future unsecured and unsubordinated obligations. The Notes pay interest at a rate of 5.000% per year. The Notes will mature in February 2026. Expedia may redeem some or all of the Notes at any time prior to November 15, 2025 by paying a make-whole premium, plus accrued and unpaid interest, if any. Expedia may redeem some or all of the Notes on or after November 15, 2025 at par, plus accrued and unpaid interest, if any. Expedia is obligated to offer to repurchase the Notes at a price of 101% of their principal amount plus accrued and unpaid interest, if any, as a result of certain change of control triggering events subject to certain qualifications and exemptions. The Indenture contains certain customary covenants and events of default (subject in certain cases to customary exceptions, as well as grace and cure periods).

Fees and Expenses

Expedia has retained D.F. King & Co., Inc. as information agent in connection with the offer and the first merger. The information agent may contact holders of shares by mail, email, telephone, facsimile and personal interview and may request brokers, dealers and other nominee stockholders to forward material relating to the offer and the first merger to beneficial owners of shares. Expedia will pay the information agent reasonable and customary compensation for these services in addition to reimbursing the information agent for its reasonable out-of-pocket expenses. Expedia agreed to indemnify the information agent against certain liabilities and expenses, including certain liabilities under the U.S. federal securities laws.

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In addition, Expedia has retained Computershare as exchange agent in connection with the offer and the first merger. Expedia will pay the exchange agent reasonable and customary compensation for its services in connection with the offer and the first merger, will reimburse the exchange agent for its reasonable out-of-pocket expenses and will indemnify the exchange agent against certain liabilities and expenses, including certain liabilities under the U.S. federal securities laws.

Expedia will reimburse brokers, dealers, commercial banks and trust companies and other nominees, upon request, for customary clerical and mailing expenses incurred by them in forwarding offering materials to their customers. Except as set forth above, neither Expedia nor the Offeror will pay any fees or commissions to any broker, dealer or other person for soliciting tenders of shares pursuant to the offer.

Accounting Treatment

In accordance with U.S. generally accepted accounting principles, Expedia will account for the acquisition of shares through the offer and the mergers under the acquisition method of accounting for business combinations.

Stock Exchange Listing

Shares of Expedia common stock are listed on the NASDAQ under the symbol EXPE. Expedia intends to submit a supplemental listing application to list on the NASDAQ the shares of Expedia common stock that Expedia will issue in the transactions as part of the transaction consideration. Such listing is a condition to completion of the offer.

Resale of Expedia Common Stock

All Expedia common stock received by HomeAway stockholders as consideration in the offer and the first merger will be freely tradable for purposes of the Securities Act, except for Expedia common stock received by any person who is deemed an affiliate of Expedia at the time of the closing of the first merger. Expedia common stock held by an affiliate of Expedia may be resold or otherwise transferred without registration in compliance with the volume limitations, manner of sale requirements, notice requirements and other requirements under Rule 144 or as otherwise permitted under the Securities Act. This document does not cover resales of Expedia common stock received upon completion of the offer or the first merger by any person, and no person is authorized to make any use of this document in connection with any resale.

Exchange Agent Contact Information

The contact information for the exchange agent for the offer and the first merger is:

By First Class, Registered or Certified Mail:	By Express or Overnight Delivery:
Computershare Trust Company, N.A.	Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions	c/o Voluntary Corporate Actions

PO Box 43011	250 Royall Street, Suite V
Providence, RI 02940-3011	Canton, MA 02021

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TRANSACTION AGREEMENT

The following summary describes certain material provisions of the transaction agreement entered into by Expedia, the Offeror and HomeAway, a copy of which is attached hereto as Annex A. This summary may not contain all of the information about the transaction agreement that is important to HomeAway stockholders, and HomeAway stockholders are encouraged to read the transaction agreement carefully in its entirety. The legal rights and obligations of the parties are governed by the specific language of the transaction agreement and not this summary.

The Offer

The Offeror is offering to exchange for each outstanding share of HomeAway common stock validly tendered and not validly withdrawn in the offer:

- $10.15 in cash; and
- 0.2065 of a share of Expedia common stock, together with cash in lieu of any fractional shares of Expedia common stock;

in each case, without interest and less any applicable withholding taxes.

The Offeror s obligation to accept for exchange and to exchange HomeAway shares validly tendered and not validly withdrawn in the offer is subject to the satisfaction or waiver by the Offeror of certain conditions, including the valid tender of at least a majority of the HomeAway shares outstanding as of the expiration of the offer (including any HomeAway shares then owned by Expedia and the Offeror (if any)), as more fully described under The Offer Conditions of the Offer.

Under the transaction agreement, and subject to the outside date to complete the offer (May 4, 2016), unless HomeAway consents otherwise or the transaction agreement is terminated, the Offeror must extend the offer:

- for any period required by law, or by any rule, regulation, interpretation of the SEC or its staff or the NASDAQ applicable to the offer or the mergers; or
- for successive periods of up to ten business days each if any of the conditions to closing of the offer have not been satisfied or waived as of the then-scheduled expiration of the offer, in order to permit the satisfaction of the conditions to the offer.

No extension will impair, limit or otherwise restrict the right of the parties to terminate the transaction agreement pursuant to its terms.

The transaction agreement may be terminated by either Expedia or HomeAway if the acceptance for exchange of HomeAway shares tendered in the offer has not occurred by midnight, Eastern Standard Time, on May 4, 2016, which is referred to as the outside date. The Offeror will not be required to extend the offer beyond the outside date.

For a more complete description of the offer, see The Offer.

The Mergers

The transaction agreement provides that, if the offer is completed, the parties will effect the merger of the Offeror with and into HomeAway, with HomeAway continuing as the surviving corporation in the first merger, and the former HomeAway stockholders will not have any direct equity ownership interest in the surviving corporation. The first merger will be followed by the merger of HomeAway with and into Expedia, with Expedia continuing as the surviving corporation in the second merger.

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Completion and Effectiveness of the Mergers

Under the transaction agreement, the closing of the first merger must occur as soon as practicable after the acceptance of tendered shares of HomeAway common stock in the offer, and in any case no later than the third business day after satisfaction or permitted waiver of the conditions to closing of the first merger, unless the parties agree otherwise in writing (see Conditions to the Mergers). Each of the mergers will become effective upon the filing of certificates of merger with the Secretary of State of the State of Delaware unless a later date is specified therein. The first merger (the merger of the Offeror with and into HomeAway) will precede the second merger (the merger of HomeAway with and into Expedia).

Transaction Consideration Payable Pursuant to the First Merger

In the first merger, except as provided below, each outstanding share of HomeAway common stock that was not acquired by the Offeror in the offer will be converted into the right to receive the transaction consideration that is, $10.15 in cash (without interest and less any applicable withholding taxes) and 0.2065 of a share of Expedia common stock (together with cash in lieu of any fractional shares of Expedia common stock, without interest and less any applicable withholding taxes).

In the first merger, shares of HomeAway common stock that are owned or held in treasury by HomeAway or owned by Expedia or Offeror will be cancelled without any consideration being delivered. In the first merger, shares of HomeAway common stock that are owned by any direct or indirect wholly owned subsidiary of Expedia (other than the Offeror) or HomeAway will be converted into shares of Expedia common stock based on a formula described in the transaction agreement. In addition, as described below, shares of HomeAway common stock that are held by holders who are properly exercising appraisal rights will not be converted into the right to receive the consideration described above.

Fractional Shares

Expedia will not issue fractional shares of Expedia common stock in the offer or the first merger. Instead, each holder of HomeAway shares who otherwise would be entitled to receive fractional shares of Expedia common stock will be entitled to an amount of cash (without interest) equal to such fractional part of a share of Expedia common stock multiplied by the volume weighted average closing sale price of one share of Expedia common stock as reported on the NASDAQ for the ten consecutive trading days ending on and including the trading day prior to the final expiration date of the offer.

Dissenters Rights

No appraisal rights are available to the holders of HomeAway shares in connection with the offer. However, if the first merger is consummated, the holders of HomeAway shares immediately prior to the effective time of the first merger who (1) did not tender HomeAway shares in the offer; (2) follow the procedures set forth in Section 262 of the DGCL; and (3) do not thereafter withdraw their demand for appraisal of such shares or otherwise lose their appraisal rights, in each case in accordance with the DGCL, will be entitled to have their HomeAway shares appraised by the Delaware Court of Chancery and receive payment of the fair value of such shares, exclusive of any element of value arising from the accomplishment or expectation of the mergers, together with a fair rate of interest, as determined by such court.

The fair value of any HomeAway shares could be based upon considerations other than, or in addition to, the price paid in the offer and the market value of such shares. HomeAway stockholders of shares should recognize that the value so determined could be higher or lower than, or the same as, the consideration payable in the offer and the first merger. Moreover, Expedia and HomeAway may argue in an appraisal proceeding that, for purposes of such proceeding, the fair value of such shares is less than such amount.

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Under Section 262 of the DGCL, where a merger is approved under Section 251(h) of the DGCL, either a constituent corporation before the effective date of the merger, or the surviving corporation within ten days thereafter, shall notify each of the holders of any class or series of stock of such constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of such constituent corporation, and will include in such notice a copy of Section 262 of the DGCL.

The Schedule 14D-9 will constitute the formal notice of appraisal rights under Section 262 of the DGCL.

As will be described more fully in the Schedule 14D-9, if a HomeAway stockholder elects to exercise appraisal rights under Section 262 of the DGCL, such HomeAway stockholder must do all of the following:

- within the later of the consummation of the offer and 20 days after the mailing of the Schedule 14D-9, deliver to HomeAway a written demand for appraisal of shares held, which demand must reasonably inform HomeAway of the identity of the HomeAway stockholder and that the HomeAway stockholder is demanding appraisal;
- not tender HomeAway shares in the offer; and
- continuously hold of record the shares from the date on which the written demand for appraisal is made through the effective time of the first merger.

This does not purport to be a complete statement of the procedures to be followed by HomeAway stockholders desiring to exercise any appraisal rights and is qualified in its entirety by reference to Section 262 of the DGCL. The proper exercise of appraisal rights requires strict and timely adherence to the applicable provisions of Delaware law. A copy of Section 262 of the DGCL will be included as Annex B to the Schedule 14D-9.

Exchange of HomeAway Stock Certificates or Book-Entry Shares for the Transaction Consideration

Expedia has retained Computershare as the depositary and exchange agent for the offer and the first merger to handle the exchange of shares of HomeAway common stock for the transaction consideration.

To effect the exchange of HomeAway shares that were converted into the right to receive the transaction consideration in the first merger, promptly after the effective time of the first merger, the exchange agent will mail to each record holder of HomeAway shares a form of transmittal and instructions for surrendering the stock certificates or book-entry shares that formerly represented HomeAway shares for the transaction consideration. After surrender to the exchange agent of certificates or book-entry shares that formerly represented HomeAway shares for cancellation, together with a duly completed and validly executed letter of transmittal and any other documents as may customarily be required by the exchange agent, the record holder of the surrendered shares will be entitled to receive the transaction consideration (including cash in lieu of any fractional shares), and the payment of any dividends or other distributions, without interest, which prior to proper exchange of such shares had become payable with respect to the Expedia common stock issuable as stock consideration in respect of such shares.

After the effective time of the first merger, each stock certificate or book-entry share formerly representing shares of HomeAway common stock that has not been surrendered will represent only the right to receive upon such surrender the transaction consideration to which such holder is entitled by virtue of the first merger and any dividends or other distributions payable to such holder upon such surrender.

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Conditions to the Mergers

If the offer is completed, the respective obligations of each party to effect the mergers are subject to the satisfaction or waiver of the following two conditions:

Completion of Offer The Offeror has accepted for payment all of the shares of HomeAway common stock validly tendered in the offer and not validly withdrawn.

No Legal Prohibition No law, order, or injunction restraining or enjoining or otherwise prohibiting the consummation of the mergers has been enacted, issued, promulgated or granted by a governmental entity of competent jurisdiction.

Representations and Warranties

The transaction agreement contains customary representations and warranties of the parties. These include representations and warranties of HomeAway with respect to:

- organization and qualification;
- subsidiaries;
- capitalization;
- authority relative to the transaction agreement;
- due execution, delivery and enforceability of the transaction agreement;
- required consents and approvals;
- no violations;
- SEC filings;
- financial statements;
- internal controls and procedures;

the absence of undisclosed liabilities;

absence of certain changes or events;

compliance with applicable laws;

permits;

employee benefit plans;

tax matters;

labor matters;

investigations and litigation;

intellectual property;

privacy and data protection;

real property and assets;

material contracts;

insurance;

information supplied;

opinions of financial advisor to HomeAway;

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- takeover statutes;
- finders and brokers; and
- note hedges and convertible notes.

The transaction agreement also contains customary representations and warranties of Expedia and the Offeror, including among other things:

- organization and qualification;
- subsidiaries;
- capitalization;
- authority relative to the transaction agreement;
- due execution, delivery and enforceability of the transaction agreement;
- required consents and approvals;
- no violations;
- SEC filings;
- financial statements;
- internal controls and procedures;
- the absence of undisclosed liabilities;
- absence of changes or events;

compliance with applicable laws;

permits;

investigations and litigation;

information supplied;

availability of sufficient funds;

finders and brokers;

stock ownership;

activity of the Offeror; and

tax matters in relation to the transactions.

The representations and warranties contained in the transaction agreement are generally qualified by material adverse effect, as defined in the transaction agreement and described below. The representations and warranties contained in the transaction agreement will expire at the effective time of the first merger. The representations, warranties and covenants made by HomeAway in the transaction agreement are qualified by information contained in the confidential disclosure schedules delivered to Expedia in connection with the execution of the transaction agreement and by filings that HomeAway has made with the SEC prior to the date of the transaction agreement. The representations, warranties and covenants made by Expedia and the Offeror in the transaction agreement are qualified by information contained in the confidential disclosure schedules delivered to HomeAway in connection with the execution of the transaction agreement and by filings that Expedia has made with the SEC prior to the date of the transaction agreement. Stockholders are not third-party beneficiaries of these representations, warranties and covenants under the transaction agreement and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of HomeAway or any of its affiliates or of Expedia or any of its affiliates.

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Material Adverse Effect

A material adverse effect with respect to Expedia or HomeAway, means any (1) material adverse effect on the ability of such party to consummate the transactions contemplated by the transaction agreement by the outside date, and (2) any change, effect, development, circumstance, condition, state of facts, event or occurrence that, individually or in the aggregate, has a material adverse effect on the financial condition, business, assets or operations of such party and its subsidiaries, taken as a whole; provided, however, with respect to clause (2), no such change, effect, development, circumstance, condition, state of facts, event or occurrence resulting or arising from any of the following will be deemed to constitute a material adverse effect or will be taken into account when determining whether a material adverse effect exists or has occurred or is reasonably likely to exist or occur:

(a) any changes in general U.S. or global economic conditions;

(b) conditions (or changes therein) in any industry or industries in which such party operates;

(c) general legal, tax, economic, political and/or regulatory conditions, or changes therein, including any changes affecting financial, credit, foreign exchange or capital market conditions;

(d) any changes in GAAP or interpretation thereof;

(e) any adoption, implementation, promulgation, repeal, modification, amendment, reinterpretation, change or proposal of any applicable law of or by any governmental entity;

(f) any failure by such party to meet internal or published projections, estimates or expectations, or internal budgets, plans or forecasts (provided that the facts or occurrences giving rise or contributing to such failure that are not otherwise excluded from the definition of a material adverse effect may be taken into account);

(g) any change, effect, development, circumstance, condition, state of facts, event or occurrence arising out of changes in geopolitical conditions, acts of terrorism or sabotage, war, armed hostility, weather or other force majeure events, including a material worsening of conditions threatened or existing as of the date of the transaction agreement;

(h) with respect to Expedia only, any change in the trading price of Expedia common stock;

(i) the execution and delivery of the transaction agreement or the consummation of the offer and the mergers, or the public announcement of the transaction agreement, including any litigation arising out of or relating to the transaction agreement or the transactions contemplated by the transaction agreement, including any litigation arising out of or relating to the transaction agreement or the events leading thereto; and

(j) any action or failure to take any action that is consented to or requested by the other party in writing; provided that with respect to the exceptions in clauses (a), (b), (c), (d), (e) and (g), the exceptions will not apply to the extent such party is materially and disproportionately affected relative to other participants in the industry in which such party operates.

No Solicitation of Other Offers by HomeAway

Under the terms of the transaction agreement, subject to certain exceptions described below, HomeAway has agreed that, from the date of the transaction agreement until the earlier of the acceptance time (as defined below) or the date the transaction agreement is terminated, it will not (and will cause its subsidiaries not to), and HomeAway will not authorize its directors, officers, employees and other representatives to (and will use its reasonable best efforts to cause such persons not to), directly or indirectly:

solicit, initiate, knowingly encourage or facilitate (including by way of providing information) any inquiry, proposal or offer, or the making, submission or announcement of any inquiry, proposal or offer, in each case which constitutes or would be reasonably expected to lead to an acquisition proposal;

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- approve or recommend, or propose publicly to approve or recommend, any acquisition proposal; or
- participate in any negotiations regarding, or furnish to any person any non-public information relating to, HomeAway or any subsidiary of HomeAway, in each case in connection with an actual or potential acquisition proposal.

In addition, under the transaction agreement, HomeAway has agreed that:

- it will and will cause its subsidiaries and its and their respective directors, officers, employees and other representatives to immediately cease any and all existing discussions or negotiations, or provision of any non-public information to any party, with respect to any acquisition proposal or potential acquisition proposal, conducted prior to the date of the transaction agreement; and
- it will promptly request that each person that previously executed a confidentiality agreement with HomeAway relating to an acquisition proposal or a potential acquisition proposal promptly destroy or return to HomeAway all non-public information relating to such acquisition proposal, HomeAway, or HomeAway s businesses or assets.

Under the transaction agreement, HomeAway is obligated to notify Expedia promptly (and in any event within 24 hours) after receiving any acquisition proposal, any proposal inquiry that would reasonably be expected to lead to an acquisition proposal, or any inquiry or request for non-public information relating to HomeAway or any subsidiary by any person who has made or would reasonably be expected to make any acquisition proposal. The notice must include the identity of the person making the proposal, inquiry or request, the material terms and conditions of any such proposal or offer, and the nature of the information requested pursuant to any such inquiry or request, including copies of all written requests, proposals, correspondence or offers (including any proposed agreements received by HomeAway). HomeAway also must keep Expedia informed, on a prompt and timely basis, of the status and material terms of any such acquisition proposal or potential acquisition proposal (including any amendments or proposed amendments), or of the nature of any information requested. HomeAway also must promptly provide Expedia with any material non-public information concerning HomeAway provided to any other person in connection with any acquisition proposal that was not previously provided to Expedia.

Notwithstanding the prohibitions described above, if HomeAway receives an unsolicited written acquisition proposal that did not result from a breach of HomeAway s non-solicitation obligations, HomeAway is permitted to furnish non-public information to such person and engage in discussions or negotiations with such person with respect to the acquisition proposal, as long as:

- the HomeAway board of directors determines in good faith, after consulting with their outside legal counsel and financial advisors, that such proposal constitutes, or would reasonably be expected to result in, a superior proposal;
- the HomeAway board of directors determines in good faith, after consulting with their outside legal counsel and financial advisors, that the failure to take such action would reasonably be expected to be inconsistent with the directors fiduciary duties under applicable law; and

prior to providing any such information, the person making the acquisition proposal enters into a confidentiality agreement containing terms that are no less favorable in the aggregate to HomeAway than those contained in the confidentiality agreement between Expedia and HomeAway (provided that the confidentiality agreement is not required to include a standstill provision and must not restrict in any way HomeAway or its representatives from complying with its disclosure obligations under the transaction agreement).

An acquisition proposal for purposes of the transaction agreement means any offer, proposal or indication of interest from any person or group (other than Expedia or a subsidiary of Expedia) relating to any transaction or series of related transactions involving:

- the acquisition or purchase of more than 20% of any class of HomeAway voting or equity securities;
- any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in any person or group beneficially owning more than 20% of any class of HomeAway voting or equity securities;
- any merger, consolidation, share exchange, business combination, joint venture, recapitalization or reorganization, or any similar transaction, in each case involving HomeAway and any other person, if it would result in the HomeAway stockholders immediately prior to such transaction holding less than 80% of the equity interests in the surviving or resulting entity of such transaction; or
- any sale, lease (other than in the ordinary course of business), exchange, transfer or other disposition to any person or group of more than 20% of the consolidated assets of HomeAway and its subsidiaries (measured by fair market value).

A superior proposal for purposes of the transaction agreement means a bona fide acquisition proposal by a third party which the HomeAway board of directors determines in good faith (after consultation with HomeAway s outside legal counsel and financial advisors) to be more favorable to the HomeAway s stockholders from a financial point of view than the offer and the mergers, taking into account all relevant factors, including the terms and conditions of the proposal or offer (including the transaction consideration, confidentiality, timing, certainty of financing and likelihood of consummation of such proposals) and the transaction agreement, as well as any changes to the terms of the transaction agreement proposed by Expedia in response to any acquisition proposal). When determining whether an offer constitutes a superior proposal, references in the term acquisition proposal to 20% or 80% will be changed to be references to 50%.

Change of Recommendation

The transaction agreement requires the HomeAway board of directors to recommend that HomeAway stockholders accept the offer and tender their HomeAway shares into the offer. Other than as described below (any of the following being a change of recommendation), the HomeAway board of directors may not:

- approve or recommend, or propose publicly to approve or recommend, any acquisition proposal other than the offer;
- withdraw, change, amend, modify or qualify, in a manner adverse to Expedia, the recommendation of the HomeAway board of directors in favor of the offer and the mergers, or propose publicly to do any of the foregoing;

if another acquisition proposal has been publicly disclosed, fail to publicly recommend against any such acquisition proposal within ten business days of Expedia s request, and reaffirm the recommendation of the HomeAway board of directors in favor of the offer and the mergers within such ten business period upon such request; or

enter into any merger agreement, acquisition agreement, reorganization agreement, letter of intent or similar agreement or document relating to, or any agreement or commitment providing for, any acquisition proposal.

Notwithstanding the foregoing, the HomeAway board of directors may take restricted actions described above if, prior to the acceptance time:

an intervening event (as defined below) has occurred, and the HomeAway board of directors has determined in good faith (after consultation with HomeAway s outside financial and legal advisors) that failure to make a change in recommendation would reasonably be expected to be inconsistent with the directors fiduciary duties under applicable law; or

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HomeAway has received an unsolicited acquisition proposal which the HomeAway board of directors has determined in good faith (after consultation with HomeAway s outside financial and legal advisors) both (a) that such proposal is a superior proposal, and (b) that failure to make a change in recommendation would reasonably be expected to be inconsistent with the directors fiduciary duties under applicable law.

The acceptance time for purposes of the transaction agreement is the time that Expedia will accept for payment all shares of HomeAway common stock that are validly tendered and not validly withdrawn pursuant to the offer on or promptly after the expiration of the offer (as it may be extended pursuant to the terms of the transaction agreement).

Prior to making a change of recommendation for any reason set forth above, HomeAway must give Expedia three business days prior written notice of its intent to make a change in recommendation. The notice must specify in reasonable detail the reasons for any change in recommendation due to an intervening event (as defined below), or the material terms and conditions of the acquisition proposal (including a copy of any proposed definitive agreement) for any change in recommendation due to a superior proposal. In each case, HomeAway must negotiate in good faith, and cause its representatives to negotiate in good faith (to the extent Expedia desires to negotiate), with respect to any proposal from Expedia to amend the transaction agreement in a way that would eliminate the need to make a change in recommendation, and the HomeAway board of directors must make the required determination regarding its fiduciary duties again at the end of such three business day negotiation period. With respect to any change in recommendation in response to a superior proposal, each time there is any material amendment, revision or change to the terms of the then-existing superior proposal (including any revision to the amount, form or mix of consideration proposed to be received by HomeAway s stockholders as a result of such superior proposal), HomeAway must give notice to Expedia of such amendment, revision or change and the three business day period described above will be extended until at least two business days after the time Expedia receives such notice

In addition to these requirements, HomeAway may make a change in recommendation with respect to a superior proposal only if the HomeAway board of directors also terminates the transaction agreement in order to enter into a definitive agreement with respect to the superior proposal.

An intervening event for purposes of the transaction agreement is any event, circumstance, change, effect, development or condition (that is not related to an actual or potential acquisition proposal) that is material to HomeAway and its subsidiaries (taken as a whole) and was not known by the HomeAway board of directors as of the date of the transaction agreement.

Nothing in the transaction agreement prohibits HomeAway or the HomeAway board of directors from taking and disclosing to the HomeAway stockholders anything contemplated by Rules 14d-9 and 14e-2(a) promulgated under the Exchange Act (or any substantially similar communication in connection with an acquisition proposal that is not a tender or exchange offer), or making any other disclosure if the HomeAway board of directors has reasonably determined in good faith (after consultation with HomeAway s outside legal counsel) that the failure to make such disclosure would reasonably be expected to constitute a breach of duties under applicable law (in each case if such disclosure is not a change in recommendation, except to the extent a change of recommendation is permitted as described above).

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Conduct of Business Before Completion of the Mergers

Restrictions on HomeAway s Operations

The transaction agreement provides for certain restrictions on HomeAway s and its subsidiaries activities until either the completion of the mergers or the termination of the transaction agreement. In general, HomeAway is required to conduct its business in all material respects in the ordinary course consistent with past practice, including by using commercially reasonable efforts to preserve its and their present business organizations and its present relationships with customers, suppliers, vendors, governmental entities, employees, and other people with which they have material business relationships. In addition, unless required by law, specifically permitted or required by the transaction agreement or otherwise approved in writing by Expedia (which approval may not be unreasonably withheld, conditioned or delayed), subject to specified exceptions set forth in the transaction agreement (including, where applicable, transactions between or among HomeAway and its wholly owned subsidiaries), HomeAway may not and must not permit any of its subsidiaries to, among other things:

- amend, modify, waive, rescind or otherwise change its certificate of incorporation, bylaws or equivalent organizational documents;
- authorize, declare, set aside, make or pay any dividends or distributions on its outstanding capital stock or other equity interests;
- enter into any agreement with respect to voting or registration of its capital stock or other equity interests;
- split, combine, subdivide, reduce or reclassify any shares of its capital stock or other equity interests, or redeem, purchase or otherwise acquire any of its capital stock or other equity interests;
- issue, grant, sell, pledge or dispose of, or authorize the issuance, grant, sale, pledge or disposal of, any shares of its capital stock, voting securities or other equity interests or any securities convertible or exchangeable for any such shares;
- increase the compensation or benefits payable to any of its directors, executive officers or employees, other than as required by any HomeAway benefit plan as in existence on the date of the transaction agreement;
- grant any severance pay or termination pay to any director, executive officer or employee, other than as required by any HomeAway benefit plan as in existence on the date of the transaction agreement;
- pay or award, or commit to pay or award, any bonuses or incentive compensation to any director, executive officer or employee, other than as required by any HomeAway benefit plan as in existence on the date of the transaction agreement;

enter into employment, severance or retention agreement, other than (a) as required by any HomeAway benefit plan as in existence on the date of the transaction agreement or (b) offer letters that do not provide severance or change of control benefits;

establish, adopt, enter into, amend or terminate any collective bargaining agreement or HomeAway benefit plan, other than (a) as required by any HomeAway benefit plan as in existence on the date of the transaction agreement, (b) any amendments in the ordinary course of business consistent with past practice that do not violate any of the other related prohibitions in the transaction agreement or materially increase the cost to HomeAway of maintaining such benefit plan;

take any action to amend or waive any performance or vesting criteria or accelerate vesting, exercisability or funding under any HomeAway benefit plan, other than as required by any HomeAway benefit plan as in existence on the date of the transaction agreement;

terminate the employment of any employee with a base salary of more than $175,000 other than for cause, other than as required by any HomeAway benefit plan as in existence on the date of the transaction agreement;

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hire new employees, except for non-officer employees with a base salary of less than $175,000 per year;

fund any rabbi trust other than as required by any HomeAway benefit plan as in existence on the date of the transaction agreement;

acquire, authorize or announce an intention to so acquire, or enter into any agreements providing for any acquisitions of, any equity interests in or assets of any entity or business or division thereof, or otherwise engage in any mergers, consolidations or business combinations, other than acquisitions of supplies or equipment in the ordinary course of business consistent with past practice;

restructure, recapitalize, reorganize, dissolve or liquidate;

make loans, advances or capital contributions to, or investments in, any other person or entity, other than advances for reimbursable employee expenses in the ordinary course of business consistent with past practices;

sell, lease, license, assign, abandon, permit to lapse, transfer, exchange, swap or otherwise dispose of, or subject to a lien (other than a permitted lien), any material properties, rights or assets, other than (a) pursuant to existing agreements disclosed to Expedia prior to the date of the transaction agreement, (b) dispositions of obsolete or worthless equipment, in the ordinary course of business consistent with past practice, (c) non-exclusive licenses of intellectual property entered in the ordinary course of business with customers or distributors of HomeAway or HomeAway subsidiaries, and (d) such transactions with neither a fair market value of the assets or properties nor an aggregate purchase price that exceeds $1,000,000 in the aggregate;

enter into any contract that would be a specified material contract as defined in the transaction agreement;

materially modify, materially amend or terminate any material contract or waive, release or assign any material rights or claims thereunder (other than any such amendment or termination of note hedges or warrants that may be effected at the sole discretion of the counterparty of such instruments);

enter into any contract that provides for any signing bonuses, prepayments or marketing funds that are to be paid to HomeAway or its subsidiaries;

make or commit to make any new capital expenditure, other than in accordance with HomeAway s budget previously disclosed to Expedia;

compromise or settle any claim, litigation, investigation or proceeding, other than settlements of claims, litigations, investigations or proceedings that are not brought by a governmental entity and that are for an amount that does not exceed, individually or in the aggregate, $1 million, that do not impose any injunctive relief or involve the admission of wrongdoing by HomeAway, any of its subsidiaries or any of its or their officers or directors or otherwise establish a materially adverse precedent for similar settlements by Expedia and that do not provide for the license of any intellectual property;

change any financial accounting policies, practices, principles or procedures, or any method of reporting income, deductions or other material items for financial accounting purposes, except as required by generally accepted accounting principles in the United States, applicable law or SEC regulations;

amend or modify any privacy policy of HomeAway or its subsidiaries, except as required by law or as reflected in a corresponding policy of Expedia for the applicable jurisdictions;

(a) make or change any material tax election, (b) adopt or change any tax accounting period or material method of tax accounting, (c) file any amended tax return if the filing of such amended tax return would result in a material increase in the taxes payable by HomeAway or any of its subsidiaries, (d) settle or compromise any material liability for taxes or any tax audit or other proceeding relating to

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a material amount of taxes, (e) enter into any closing or similar agreement with any tax authority, (f) surrender any right to claim a material refund of taxes, or (g) except in the ordinary course of business, agree to an extension or waiver of the statute of limitations with respect to a material amount of taxes;

redeem, repurchase, prepay, defease, incur, assume, endorse, guarantee or otherwise become liable for, or modify in any material respect, the terms of any indebtedness, derivatives or hedging arrangements, or issue or sell any debt securities or rights to acquire any debt securities, other than (a) indebtedness of up to $1 million in aggregate principal amount, (b) derivatives or hedging transactions with aggregate exposure not reasonably expected to be in excess of $1 million, (c) guarantees, letters of credit or surety bonds for the benefit of commercial counterparties in the ordinary course of business consistent with past practice, or (d) settling upon conversion of convertible senior notes in accordance with their terms or complying with the terms of its note hedges;

enter into any transactions or contracts with any affiliates or other person that would be required to be disclosed by HomeAway under Item 404 of Regulation S-K of the SEC other than in the ordinary course of business and consistent with past practice;

cancel HomeAway s insurance policies or fail to pay the premiums on HomeAway s insurance policies such that such failure causes a cancellation of such policy or fail to use commercially reasonable efforts to maintain in the ordinary course HomeAway s errors and omissions insurance policies; or

agree or authorize to take any such prohibited action.

Restrictions on Expedia s Operations

The transaction agreement provides for certain restrictions on Expedia s and its subsidiaries activities until either the completion of the mergers or the termination of the transaction agreement. In general, Expedia is required to conduct its business in all material respects in the ordinary course consistent with past practice, including by using commercially reasonable efforts to preserve its and their present business organizations and its present relationships with customers, suppliers, vendors, governmental entities, employees, and other people with which they have material business relationships. In addition, unless required by law, specifically permitted or required by the transaction agreement or otherwise approved in writing by HomeAway (which approval may not be unreasonably withheld, conditioned or delayed), subject to specified exceptions set forth in the transaction agreement (including, where applicable, transactions between or among Expedia and its wholly owned subsidiaries), Expedia may not and must not permit any of its subsidiaries to, among other things:

authorize, declare or pay any dividends or distributions on its outstanding capital stock or other equity interests, other than (a) Expedia s regular quarterly dividends determined in good faith by Expedia s board of directors and (b) transactions that would require an appropriate adjustment to the transaction consideration in accordance with the transaction agreement and for which the proper adjustment is made;

split, combine, reduce or reclassify any shares of its capital stock, except for transactions that would require an appropriate adjustment to the transaction consideration in accordance with the transaction agreement and for which the proper adjustment is made;

issue or authorize the issuance of any other securities in respect of its capital stock, other than transactions that would require an appropriate adjustment to the transaction consideration in accordance with the transaction agreement and for which the proper adjustment is made;

authorize (or announce an intention to authorize) or enter into agreements providing for any acquisitions of an equity interest in, or substantial assets of, any other person or entity (or a business or division thereof), or any mergers, consolidations or business combinations that, in each case, would reasonably be expected to prevent, materially delay or impede the consummation of the offer and the mergers;

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amend Expedia s certificate of incorporation or by-laws in a way that would be adverse to the holders of shares of HomeAway common stock relative to the treatment of existing holders of share of Expedia common stock;

issue, deliver, grant, sell, pledge, dispose of or encumber any shares of its capital stock, voting securities or other equity interests, or any related securities, in each case other than (a) issuances, deliveries, grants, sales, pledges, dispositions or encumbrances or authorizations of any of the foregoing to the extent that such transactions do not require a stockholder vote of Expedia s stockholders pursuant to the rules of NASDAQ, (b) issuances of shares of Expedia common stock in respect of the exercise of Expedia options or the vesting or settlement of Expedia equity awards, (c) issuances or grants of Expedia equity awards or (d) other issuances of or other transactions with respect to shares of Expedia common stock in transactions that would require an appropriate adjustment to the transaction consideration in accordance with the transaction agreement and for which the proper adjustment is made; or

agree or authorize to take any such prohibited action.

Access

The transaction agreement provides that during the period prior to the effective time of the first merger, HomeAway and Expedia will give each other and each other s representatives reasonable access during normal business hours and upon reasonable advance notice to all of their respective properties, offices, contracts, personnel, books and records, and will furnish promptly to the other party all information concerning their business, properties and personnel as the other party reasonably requests. However, neither party is required to disclose information that may not be disclosed pursuant to contractual or legal restrictions or that is subject to attorney-client, attorney work product or other legal privilege, provided that the disclosing party will use commercially reasonable efforts to make alternative arrangements for disclosure that do not violate such restrictions or privileges.

Convertible Senior Notes; Financing Cooperation

In the transaction agreement, the parties agreed that as promptly as practicable after the execution and delivery of the transaction agreement, the parties are required to prepare any supplemental indenture(s) to the indenture that governs the Convertible Notes necessary in connection with the offer and the mergers. On the closing day of the first merger, the parties, as required, must execute such supplemental indenture(s) and, in each case, deliver any required certificates, legal opinions and other documents required by the indenture governing the Convertible Notes to be delivered in connection with such supplemental indenture(s). HomeAway is required to deliver all notices and take all other actions required under the terms of the Convertible Notes, the indenture governing the Convertible Notes, the Note Hedges and the Warrants. HomeAway is required to reasonably cooperate with Expedia in connection with the fulfillment of HomeAway s obligations under the terms of the Convertible Notes, the indenture governing the Convertible Notes, the Note Hedges and the Warrants as reasonably requested by Expedia.

Prior to the effective time of the first merger, HomeAway is required to provide all customary cooperation, including provision of customary financial information, that is reasonably requested by Expedia in connection with any third-party debt financing obtained by Expedia or the Offeror for the purpose of financing the offer or the mergers.

HomeAway is also required to cooperate with Expedia in connection with (a) the replacement, backstopping or amendment, as of the effectiveness of the first merger, of outstanding financial guaranties, letters of credit, letters of guaranty, surety bonds and other similar instruments and obligations of HomeAway, including granting any waivers in respect thereof and facilitating the migration of such financial products to Expedia s facilities and (b) the satisfaction or amendment, as of the effectiveness of the first merger, of derivative financial instruments or arrangements (including the Note Hedges, as well as other swaps, caps, floors, futures, forward contracts and option agreements), in each case as reasonably requested by Expedia. Expedia is required to reimburse HomeAway for any out-of-pocket expenses incurred by HomeAway in connection with such cooperation.

Additional Agreements

Under the transaction agreement, Expedia and HomeAway are required to use reasonable best efforts to:

- prepare and file all documentation to effect all necessary applications, notices, petitions, filings, and other documents;

- obtain all waiting period expirations or terminations, consents, clearances, waivers, licenses, orders, registrations, approvals, permits, and authorizations necessary or advisable to be obtained from any third party and/or any governmental entity in order to consummate the offer or the mergers;

- subject to the terms of the transaction agreement, take all steps as may be necessary to obtain all such waiting period expirations or terminations, consents, clearances, waivers, licenses, registrations, permits, authorizations, orders and approvals;

- make an appropriate filing of a notification and report form pursuant to the HSR Act as promptly as practicable, and in any event within ten business days after the execution of the transaction agreement (unless a later date is mutually agreed between the parties), and to supply as promptly as practicable and advisable any additional information and documentary material that may be requested pursuant to the HSR Act and to take all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable;

- make all other necessary filings as promptly as practicable, and supply as promptly as practicable and advisable any additional information and documentary material that may be requested under any other antitrust, competition or trade regulation laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening competition through merger or acquisition (antitrust laws);

- cooperate in all respects and consult with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party in connection with the HSR Act or antitrust laws;

- promptly inform the other of any communication with the Antitrust Division of the Department of Justice (the DOJ), the Federal Trade Commission (the FTC) or any other governmental entity, by promptly providing copies of any written communications, and of any material communication received or given in connection with any proceeding by a private party; and permit the other to review in advance any communication that it gives to, and consult with each other in advance of any meeting, substantive telephone call or conference with, the DOJ, the FTC or any other governmental entity, or, in connection with any proceeding by a private party, and give the other the opportunity to attend and participate in any in-person meetings with the DOJ, the FTC or any other governmental entity.

In addition, if and to the extent necessary to obtain clearance of the offer and the mergers pursuant to the HSR Act and any other applicable antitrust laws, Expedia has agreed to offer, negotiate, commit to, and effect, by consent or decree, hold separate order, or otherwise, the sale, divestiture, license or disposition of any assets, properties or businesses of HomeAway or any of its subsidiaries, or to accept operational restrictions on the activities of HomeAway; provided, however, that neither Expedia nor any of its subsidiaries will be required to take any such actions if such action, individually or collectively, would reasonably be expected to have a material adverse effect on the business, operations or financial condition of HomeAway and its subsidiaries, taken as a whole. In addition, Expedia has agreed to use reasonable best efforts to contest, defend and appeal any legal proceedings, whether judicial or administrative, challenging the transaction agreement or the consummation of the offer or the mergers.

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Treatment of HomeAway Equity Awards

Pursuant to and as further described in the transaction agreement, at the effective time of the first merger, each HomeAway option that is outstanding and vested immediately prior to the effective time of the first merger (including any HomeAway options that will vest as of the effective time of the first merger) will be cancelled and converted into the right to receive the transaction consideration in respect of each net share of HomeAway stock subject to the HomeAway option, if any, less applicable tax withholdings. The number of net shares is determined pursuant to a formula set forth in the transaction agreement that takes into account the exercise price of such vested HomeAway option. The applicable taxes to be withheld shall reduce the cash consideration and the stock consideration in proportion to the value of the cash consideration and the stock consideration payable to common stockholders in the first merger. Any fractional net shares will be settled in cash based on the cash value of the transaction consideration, less applicable tax withholdings.

Pursuant to and as further described in the transaction agreement, at the effective time of the first merger, each HomeAway option that is outstanding and unvested immediately prior to the effective time of the first merger (and does not vest as of the effective time of the first merger) will be assumed by Expedia and converted automatically into an option to purchase shares of Expedia common stock (each an assumed option). The number of shares of Expedia common stock subject to the assumed option will be determined by multiplying the number of shares of HomeAway common stock subject to the assumed option immediately prior to the effective time of the first merger by the equity award exchange ratio (defined below), rounded down the nearest whole share of Expedia common stock. The per share exercise price for the shares of Expedia common stock issuable upon the exercise of the assumed option will be determined by dividing the per share exercise price of the HomeAway common stock subject to such assumed option, as in effect immediately prior to the effective time of the first merger, by the equity award exchange ratio, rounded up the nearest whole cent. Each assumed option will otherwise be subject to the same terms and conditions applicable to the unvested HomeAway option under the applicable plan and stock option agreement immediately prior to the effective time of the first merger, including vesting. The equity award exchange ratio means a fraction (rounded to four decimal places) having a numerator equal to the per share cash-equivalent value of transaction consideration and a denominator equal to the volume weighted average closing sales price of Expedia common stock as reported on the NASDAQ for the ten consecutive trading day period ending one day prior to the acceptance time.

Pursuant to, and as further described in, the transaction agreement, at the effective time of the first merger, each HomeAway restricted stock unit that is outstanding and unvested immediately prior to the effective time of the first merger (and does not vest as a result of the occurrence of the effective time of the first merger) will be assumed by Expedia and converted into a restricted stock unit with respect to a number of shares of Expedia common stock (rounded up to the nearest whole share) equal to (i) the number of HomeAway common shares subject to the unvested HomeAway restricted stock unit immediately prior to the effective time of the first merger, multiplied by (ii) the equity award exchange ratio. Each assumed unvested HomeAway restricted stock unit will otherwise be subject to the same terms and conditions applicable to the unvested HomeAway restricted stock unit under the applicable plan and restricted stock unit agreement immediately prior to the effective time of the first merger, including vesting.

At the effective time of the first merger, each HomeAway restricted stock unit that is outstanding immediately prior to the effective time of the first merger and that vests as of the effective time of the first merger will be cancelled in exchange for the right to receive the transaction consideration in respect of each share of HomeAway common stock subject to such vested HomeAway restricted stock unit, less applicable tax withholding. The applicable taxes to be withheld shall reduce the cash consideration and stock consideration in proportion to the value of the cash consideration and stock consideration payable to common stockholders in the first merger. Any fractional shares will be settled in cash based on the volume weighted average closing sales price of Expedia common stock as reported on the NASDAQ for the ten consecutive trading day period ending one day prior to the acceptance time, less applicable tax withholdings.

Pursuant to, and as further described in, the transaction agreement, as of the effective time of the first merger, each HomeAway restricted stock award that is outstanding and unvested immediately prior to the effective time of the first merger (and does not vest as of the effective time of the first merger) will be assumed by Expedia and converted into a restricted stock award covering a number of shares of Expedia common stock (rounded up to the nearest whole share) equal to (i) the number of HomeAway shares subject to the unvested HomeAway restricted stock award immediately prior to the effective time of the first merger, multiplied by (ii) the equity award exchange ratio. Each assumed HomeAway restricted stock award will otherwise be subject to the same terms and conditions of the applicable plan and restricted stock award agreement immediately prior to the effective time of the first merger, including vesting.

At the effective time of the first merger, each HomeAway restricted stock award outstanding immediately prior to the effective time of the first merger and that vests as a result of the occurrence of the effective time of the first merger will be cancelled in exchange for the right to receive transaction consideration in respect of each share of HomeAway common stock subject to such HomeAway restricted stock award, less applicable tax withholding. The applicable taxes to be withheld shall reduce the cash consideration and stock consideration in proportion to the value of the cash consideration and stock consideration payable to common stockholders in the first merger. Any fractional shares will be settled in cash based on the volume weighted average closing sales price of Expedia common stock as reported on the NASDAQ for the ten consecutive trading day period ending one day prior to the acceptance time, less applicable tax withholdings.

Employee Matters

Expedia has agreed under the transaction agreement for a period of twelve months following the effective time of the first merger, (a) to maintain the aggregate total compensation opportunities (i.e., base salary, base hourly wage and target cash bonus opportunity) of each employee of HomeAway who becomes an employee of Expedia or its subsidiaries as of the effective time of the first merger (the continuing employees) and (b) to provide employee benefits (other than severance and equity compensation) no less favorable in the aggregate than the benefits (other than severance and equity compensation) under the employee benefit plans, programs and arrangements of the Company provided to such continuing employee immediately prior to the effective time of the first merger.

Expedia also has agreed under the transaction agreement to recognize years of service with HomeAway or its subsidiaries under all employee benefit plans maintained by Expedia or its affiliates for the benefit of continuing employees, except for purposes of determining any accrued benefit under any defined benefit pension plan, or to the extent that any such recognition would result in a duplication of benefits, and to waive certain participation restrictions for continuing employees who become eligible to participate in Expedia welfare plans. HomeAway will terminate its 401(k) plan(s) as of the day immediately preceding the effective time of the first merger if Expedia provides timely, written notice requesting such termination in accordance with the transaction agreement.

Expedia has further agreed under the transaction agreement to provide continuing employees serving in a public company finance, public company legal or public company investor relations role who are terminated without cause during the six month period following the effective time of the first merger, severance equal to (a) continued base salary for three months and an amount in cash equal to the employer paid portion of health care premiums for three months or (b) the severance benefit such continuing employee would have been entitled to under HomeAway s current severance practices, in lieu of other severance and in exchange for a customary release of claims against Expedia. The foregoing provision does not apply to continuing employees entitled to severance under an individual employment agreement.

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Directors and Officers Indemnification

Under the transaction agreement, for a period of six years after the effective time of the first merger, Expedia must indemnify and hold harmless, to the fullest extent permitted under applicable law and provided pursuant to organizational documents of HomeAway or its subsidiaries, or any indemnification agreements in existence as of the time of the transaction agreement that were provided to Expedia, each current and former director and officer of HomeAway and its subsidiaries against costs and expenses in connection with claims asserted or claimed prior to, at or after the effective time of the first merger, in respect of acts or omissions occurring or alleged to have occurred at or prior to the effective time of the first merger, based on or arising out of the fact that such person is or was such an officer or director of HomeAway. In addition, for a period of six years following the effective time of the first merger, Expedia is required to maintain in effect the provisions in any contracts of HomeAway or its subsidiaries regarding elimination of liability, indemnification of officers or directors, and advancement of expenses that are in existence as of the time of the transaction agreement and were provided to Expedia, except to the extent that any such contract provides for an earlier termination.

Prior to the effective time of the first merger, HomeAway is required to purchase a directors and officers liability insurance tail insurance program for a period of six years after the effective time of the first merger with respect to acts or omissions committed at or prior to the effective time of the first merger, with a one-time cost not in excess of 300% of the last annual premium paid by HomeAway for its directors and officers liability insurance prior to the date of the transaction agreement. However, if HomeAway is not able to obtain such tail insurance policy prior to the closing of the transactions, Expedia is required to provide current directors and officers an insurance and indemnification policy that provides coverage for events occurring prior to the effective time of the first merger that is no less favorable than HomeAway s existing policy or, if insurance coverage that is no less favorable is unavailable, the best available coverage, provided that Expedia is not required to pay annual premiums in excess of 300% of the last annual premium paid by HomeAway prior to the date of the transaction agreement.

Termination of the Transaction Agreement

Termination by Expedia or HomeAway

The transaction agreement may be terminated at any time before the acceptance time:

- by mutual written consent of Expedia and HomeAway; or
- by either Expedia or HomeAway, if:
  - any governmental entity of competent jurisdiction has issued a final, non-appealable order, injunction, decree or ruling permanently restraining, enjoining or otherwise prohibiting the consummation of the offer or the mergers; or
  - the acceptance time has not occurred by midnight, Eastern Standard Time, on May 4, 2016 (the outside date), provided that, such termination right is not available to any party whose action or failure to fulfill any obligation under the transaction agreement has proximately caused (a) any of the conditions

to the closing of the offer to fail to be satisfied, and such action or failure to act constitutes a material breach of the transaction agreement, or (b) the expiration or termination of the offer in accordance with the terms of the transaction agreement and the offer without the Offeror having accepted for payment the shares tendered in the offer, and such action or failure to act constitutes a material breach of the transaction agreement.

Termination by HomeAway

The transaction agreement may be terminated at any time before the acceptance time by HomeAway if:

HomeAway changes its recommendation in favor of the offer in response to a superior proposal and enters into a definitive agreement providing for such superior proposal, as long as (1) HomeAway has

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complied in all material respects with its obligations to provide notice to negotiate with Expedia regarding amendments to the transaction agreement, as described under Change of Recommendation and (2) immediately prior (and as a condition) to such termination, HomeAway pays to Expedia the $138 million termination fee described below; or

(1) Expedia and/or the Offeror has breached, failed to perform or violated their respective covenants or agreements under the transaction agreement in any material respect or any of the representations and warranties of Expedia and the Offeror have become inaccurate and such inaccuracy would reasonably be expected to have a material adverse effect on Expedia (with such term as defined in the transaction agreement and described under Material Adverse Effect), (2) the breach, failure to perform, violation or inaccuracy is incapable of being cured or is not cured within the earlier of (A) 30 calendar days following receipt of written notice from HomeAway or (B) the then-scheduled expiration date of the offer (provided that for purposes of this clause (B), Expedia may irrevocably extend the expiration date of the offer to the 30th calendar day after such written notice), and (3) HomeAway is not in material breach of the transaction agreement at the time of the applicable breach by Expedia and/or the Offeror.

Termination by Expedia and the Offeror

The transaction agreement may be terminated at any time before the acceptance time by Expedia if:

the HomeAway board of directors has made a change in recommendation, as long as Expedia exercises this termination right by 5:00 pm Eastern Standard Time on the 10^{th} business day following the date on which such change of recommendation occurs; or

(1) HomeAway has breached, failed to perform or violated its covenants or agreements under the transaction agreement or any of the representations and warranties of HomeAway have become inaccurate in a manner that would give rise to the failure of any of the conditions to the consummation of the offer related to HomeAway s compliance with its covenants and agreements or the accuracy of HomeAway s representations and warranties, (2) such breach, failure to perform, violation or inaccuracy is incapable of being cured by the outside date or, if capable of being cured, is not cured within 30 calendar days following receipt of written notice from Expedia, and (3) Expedia and the Offeror are not in material breach of the transaction agreement at the time of the applicable breach by HomeAway.

Termination Fee and Expenses

Expenses

Except as set forth below, all fees and expenses incurred in connection with the transaction agreement, the offer, and the mergers will be paid by the party incurring the fee or expense.

Termination Fee

The transaction agreement provides that HomeAway will pay Expedia a termination fee of $138 million if:

Expedia terminates the transaction agreement because of a change in recommendation by the HomeAway board of directors;

HomeAway terminates the transaction agreement in order to enter into a definitive agreement providing for a superior proposal; or

(a) either Expedia or HomeAway terminates the transaction agreement as a result of having reached the outside date or Expedia terminates the transaction agreement as a result of a breach, failure to perform or violation by HomeAway of its covenants or agreements under the transaction agreement that gives

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rise to the failure of any of the conditions to the consummation of the offer related to HomeAway s compliance with its covenants and agreements, (b) an acquisition proposal has been publicly disclosed and not publicly withdrawn (without qualification) after the date of the transaction agreement, and (c) an acquisition proposal is consummated within twelve months of such termination or a definitive agreement with respect to an acquisition proposal is entered into within twelve months of such termination and such acquisition proposal is consummated (with references to 20% and 80% in the definition of acquisition proposal deemed to be references to 50%).

In no event will HomeAway be obligated to pay the termination fee on more than one occasion. In the event that the termination fee is received by Expedia, none of HomeAway, any of its subsidiaries, any of their respective former, current or future officers, directors, partners, stockholders, managers, members, affiliates or agents will have any further liability or obligation relating to or arising out of the transaction agreement or the transactions contemplated by the transaction agreement, other than with respect to HomeAway only, in the event of a willful breach by HomeAway.

Effect of Termination

In the event of termination of the transaction agreement prior to the effective time of the first merger in accordance with the terms of the transaction agreement, the transaction agreement will become void, and there will be no liability or further obligation on the part of any of the parties, provided that no party will be relieved of liability for any willful breach of the transaction agreement prior to such termination.

Amendments, Enforcements and Remedies, Extensions and Waivers

Amendments

The transaction agreement may be amended by the parties at any time.

Enforcements and Remedies

Under the transaction agreement, the parties have agreed that, prior to the valid termination of the transaction agreement, each party will be entitled to:

- an injunction or injunctions to prevent or remedy any breaches or threatened breaches of the transaction agreement;

- a decree or order of specific performance specifically enforcing the terms and provisions of the transaction agreement; and

- any further equitable relief.

Extensions and Waivers

Under the transaction agreement, at any time prior to the effective time of the first merger, any party may: