

Part II Organizational Action (continued)

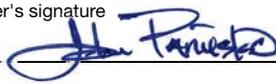
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached.

18 Can any resulting loss be recognized? ▶ See attached.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ _____ Date ▶ _____

Paid Preparer Use Only	Print your name ▶	Preparer's signature	Date ▶	Check <input type="checkbox"/> if self-employed	PTIN
	John Panisko		01/05/2016		P00602411
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Form 8937 (Part II)

Line 14

On December 15, 2015, Expedia, Inc. ("Expedia") completed the acquisition of HomeAway, Inc. ("HomeAway") pursuant to the Agreement and Plan of Reorganization dated November 4, 2015 (the "Transaction Agreement") by means of an integrated exchange offer (the "Offer") and double merger as follows: (i) on December 14, 2015, HMS 1 Inc., a direct wholly-owned subsidiary of Expedia ("Purchaser") accepted 63,068,486 shares of HomeAway common stock ("HomeAway Shares") tendered pursuant to the Offer, representing approximately 64.8 percent of HomeAway's outstanding Shares; (ii) on December 15, 2015, Purchaser merged with and into HomeAway (the "First Merger"), with HomeAway continuing as the surviving corporation; and, (iii) immediately after the First Merger HomeAway merged with and into Expedia (the "Second Merger" and together with the First Merger, the "Mergers"), with Expedia surviving the Second Merger (the Offer and Mergers collectively, the "Transaction"). In the Transaction each issued and outstanding HomeAway Share was exchanged for \$10.15 in cash and 0.2065 of a share of Expedia common stock ("Expedia Shares"), plus cash in lieu of any fractional shares (the "Transaction Consideration"). Pursuant to the Transaction Agreement, fractional shares were cancelled based on \$124.29, which is the 10 day 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 December 14, 2015 (the final expiration date of the Offer).

Line 15

The integrated steps of the Transaction are intended to qualify as a reorganization under section 368(a) of the Internal Revenue Code of 1986, as amended ("Code"). Accordingly, a HomeAway shareholder who receives cash (other than cash received in lieu of fractional Expedia Shares) and Expedia Shares in exchange for HomeAway Shares 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 the Expedia Shares and cash received by the HomeAway shareholder exceeds such shareholder's adjusted tax basis in the HomeAway Shares; and (ii) the amount of cash received by such shareholder (excluding any cash received in lieu of a fractional Expedia Share in each of (i) and (ii), which is discussed below). If HomeAway Shares were acquired at different times or at different prices, any gain or loss will be determined separately with respect to each block of HomeAway Shares. Please consult your tax advisor with respect to your specific tax situation.

The aggregate tax basis of the Expedia Shares received in the Transaction (including fractional Expedia Shares deemed received and redeemed for cash, as discussed below) will be the same as the aggregate tax basis of the HomeAway Shares surrendered in exchange therefor, (a) decreased by the amount of cash received (excluding any cash received in lieu of a fractional Expedia Share), and (b) increased by the amount of gain recognized in the Transaction (excluding gain recognized with respect to a fractional Expedia Share) (the "Adjusted Aggregate Tax Basis").

Further, a HomeAway shareholder that received Expedia Shares in exchange for HomeAway Shares that were acquired at different times or different prices should allocate the Aggregate Adjusted Tax Basis to the Expedia Shares received in a manner that replicates the bases and holding periods of the HomeAway Shares surrendered. This allocation should preserve, to the greatest extent possible, the basis of the

HomeAway Shares that were acquired on the same date and at the same price. Note that this allocation may result in Expedia Shares having split basis and holding period segments. Each such shareholder will need to identify which particular Expedia Shares (or portion of an Expedia Share) were received in exchange for a particular HomeAway Share. Generally, such designation must be made on or before the date on which the tax basis of an Expedia Share is relevant (for example, when Expedia Shares are sold or otherwise transferred). If no designation is made prior to the relevant date, a shareholder will be treated as selling or transferring the Expedia Share received in respect of the earliest HomeAway Share purchased or acquired.

A HomeAway shareholder who received cash instead of a fractional Expedia Share generally will be treated as having received the fractional Expedia Share in the Transaction and then as having had such fractional Expedia Share redeemed for cash. As a result of such deemed redemption, a HomeAway shareholder will generally recognize gain or loss equal to the difference between the amount of cash received and the portion of the Adjusted Aggregate Tax allocated to such fractional Expedia Share. If you received cash instead of a fractional Expedia Share, you should consult your tax advisor regarding the consequences of this deemed redemption.

Line 16

Under generally applicable federal income tax rules, one reasonable approach to determine the fair market value of Expedia Shares for purposes of calculating the potential gain on the HomeAway Shares exchanged in the Transaction is to use the mean between the highest and lowest quoted selling prices of Expedia Shares on December 15, 2015, which is \$128.87. Consult your tax advisor regarding the manner in which the Expedia Shares are valued for purposes of determining the potential gain described above on Line 15.

Line 17

Sections 368(a), 356(a), 358(a), 358(b) (see Treasury Regulation section 1.358-2(a)(2) and, generally, the examples at 1.358-2(c) as in effect at the time of this filing).

Sections 302 and 1001 (to the extent that cash is received in lieu of fractional shares).

Line 18

HomeAway shareholders will not recognize any loss for U.S. federal income tax purposes on the receipt of Expedia Shares and cash; however, a HomeAway shareholder may recognize gain or loss with respect to cash received in lieu of a fractional Expedia Share.

Line 19

The relevant date for purposes of determining tax basis and related information is December 15, 2015, the date on which Mergers became effective. The corresponding tax year is the relevant tax year for determining such adjustment to basis.

We urge you to read the prospectus/offer to exchange, File No. 333-208025, filed by Expedia with the Securities and Exchange Commission on November 16, 2015, including amendments thereto.