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As filed with the Securities and Exchange Commission on October 24, 2011

Registration No. 333-175828

Registration No. 333-175828-1

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 Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer 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)

TRIPADVISOR, INC.

(Exact name of Registrant as Specified in its Charter)

Delaware	**7370**	**80-0743202**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

141 Needham Street

Newton, MA 02464

(617) 670-6300

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

Burke F. Norton, Esq.

Executive Vice President, 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)

Copy to:

Andrew J. Nussbaum, Esq.

Wachtell, Lipton, Rosen & Katz

51 West 52nd Street

New York, NY 10019

(212) 403-1000

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: AS SOON AS PRACTICABLE AFTER THIS REGISTRATION STATEMENT BECOMES EFFECTIVE AND UPON COMPLETION OF THE TRANSACTIONS DESCRIBED IN THE ENCLOSED PROXY STATEMENT/PROSPECTUS.

If any of 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):

Expedia, Inc.:

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

TripAdvisor, Inc.:

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	þ (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) ¨

(Calculation of Registration Fee table appears on following pages)

The co-Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the co-Registrants 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 or until the 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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CALCULATION OF REGISTRATION FEE*

Title of each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
A. Common Stock, par value $0.0001 per share, of Expedia, Inc.	153,577,116(1)	N/A	$8,935,221,149(2)	$1,037,379(3)
B. Warrants to purchase shares of Common Stock, par value $0.0001 per share, of Expedia, Inc. (the New Expedia Warrants) at .25 of a share per Warrant (assuming the 1:2 reverse stock split)	32,186,793(4)	N/A	N/A(5)	N/A(6)
C. Common Stock, par value $0.001 per share, of TripAdvisor, Inc.	153,577,116(7)	N/A(8)	N/A(8)	N/A(8)
D. Warrants to purchase shares of TripAdvisor Common Stock, par value $0.001 per share, of TripAdvisor, Inc. (the TripAdvisor Warrants) at .25 of a share per Warrant (assuming the 1:2 reverse stock split)	32,186,793(9)	N/A(8)	N/A(8)	N/A(8)
Total			$8,935,221,149	$1,037,381(10)

* Registration fee has been previously paid.

(1) Based on the maximum number of shares of common stock, par value $0.0001 per share, of Expedia, Inc. (New Expedia Common Stock) that may be issued in connection with the reclassification and other transactions described in the enclosed proxy statement/prospectus (the spin-off), taking into account the proposed one-for-two reverse stock split to be effected immediately prior to the spin-off, which number is equal to 50% of 307,154,232 shares, which is the sum of (i) 248,621,889, the number of shares of common stock, par value $0.001 per share, of Expedia (Old Expedia Common Stock) issued and outstanding as of July 11, 2011, (ii) 3,432,904, the number of shares of Old Expedia Common Stock subject to Restricted Stock Units and Deferred Share Units and Stock Appreciation Rights issued under Expedia equity-based compensation plans as of June 30, 2011, (iii) 17,269,827, the maximum number of shares of Old Expedia Common Stock remaining available for issuance pursuant to new equity awards or other securities issuable by Expedia under equity incentive plans as of July 11, 2011, (iv) 16,093,396, the maximum number of shares of Old Expedia Common Stock issuable in respect of certain previously issued warrants to purchase shares of Old Expedia Common Stock (Old Expedia Warrants) issued and outstanding as of July 11, 2011, and (v) 21,736,216, the maximum number of shares of Old Expedia Common Stock issuable in respect of options (Old Expedia Options) to purchase shares of Old Expedia Common Stock that were issued by Expedia and outstanding as of June 30, 2011. There are also registered hereunder such indeterminate number of additional shares of New Expedia Common Stock that may become issuable due to anti-dilution adjustments for changes resulting from stock splits, stock dividends, recapitalizations or similar transactions and certain other events as provided for in the terms of the securities set forth in clauses (i) to (v) above. The full maximum number of shares of New Expedia Common Stock issuable in connection with the spin-off as set forth in clauses (i) to (v), without giving effect to the 50% adjustment described above on account of the expected reverse stock split (which number would then be 307,154,232 instead of 153,577,116) is also registered hereunder to account for the scenario in which the Expedia Board of Directors were to determine to proceed with the spin-off without effecting the reverse stock split (and the registration fee paid hereunder and proposed maximum offering price set forth herein are based on the full, unadjusted number of securities being cancelled as described in footnote (2) below).

(2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to rule 457(c), Rule 457(f), Rule 457(h) and Rule 457(i) under the Securities Act. Such value equals (i) the product of (a) 269,324,620 (the sum of items (i) through (iii) in footnote (1) above), and (b) $30.11, the average of the high and low sales prices for Old Expedia Common Stock as reported on The Nasdaq Global Select Market on July 20, 2011, plus (ii) the product of (a) 21,736,216, the number of Old Expedia Options and equivalent number of underlying shares outstanding as of June 30, 2011, and (b) $19.07, the average exercise price of such options as of June 30, 2011, plus

(iii) the product of (a) 16,093,396, the number of shares of Old Expedia Common Stock underlying the Old Expedia Warrants exercisable for .5 of a share per warrant as of July 11, 2011, and (b) $25.56, the average exercise price of such warrants.

(3) Calculated by multiplying 0.0001161 by the proposed maximum aggregate offering price.

(4) Based on the maximum number of new Expedia warrants to purchase shares of New Expedia Common Stock (New Expedia Warrants) for .25 of a share per warrant (assuming the 1:2 reverse stock split is implemented) that may be issued in the spin-off and number of underlying shares, which is equal to 16,093,396, the number of Old Expedia Warrants and equivalent number of underlying shares issued and outstanding as of July 11, 2011 multiplied by 50%, to give effect to the one-for-two reverse stock split. There is also registered hereunder such indeterminate number of additional New Expedia Warrants and underlying shares of New Expedia Common Stock that may become issuable due to anti-dilution adjustments for changes resulting from stock splits, stock dividends, recapitalizations or similar transactions and certain other events as provided for in the terms of the New Expedia Warrants or Old Expedia Warrants. The full maximum number of New Expedia Warrants and

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number of underlying shares, without giving effect to the 50% adjustment described above on account of the expected reverse stock split (which number of underlying shares would then be 16,093,396 instead of 8,046,698), is also registered hereunder to account for the scenario in which the Expedia Board of Directors were to determine to proceed with the spin-off without effecting the reverse stock split (and the registration fee paid hereunder and proposed maximum offering price set forth herein are based on the full, unadjusted number of securities being cancelled as described in footnote (5) below).

(5) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to rule 457(c), Rule 457(f), Rule 457(h) and Rule 457(i) under the Securities Act. Because such value, $411,347,202, is included in the Proposed Maximum Aggregate Offering Price set forth with respect to Item A above, it is not separately listed in the fee table but is provided in this footnote for explanatory purposes. Such value equals the product of (a) 16,093,396, the number of shares of Old Expedia Common Stock underlying the Old Expedia Warrants exercisable for .5 of a share per warrant outstanding as of July 11, 2011, and (b) $25.56, the average exercise price of such Old Expedia Warrants.

(6) The registration fee with respect to this Item B has been included in the registration fee for Item A above.

(7) Based on the maximum number of shares of common stock, par value $0.001 per share, of TripAdvisor, Inc. (TripAdvisor Common Stock) that may be issued in connection with the spin-off, taking into account the proposed one-for-two reverse stock split to be effected immediately prior to the spin-off, which number is equal to the maximum number of shares of New Expedia Common Stock as set forth in Item A above and the footnote(s) relating thereto and giving effect to the 50% adjustment described in such footnote(s) to reflect the expected reverse stock split. There is also registered hereunder such indeterminate number of additional shares of TripAdvisor Common Stock that may become issuable due to anti-dilution adjustments for changes resulting from stock splits, stock dividends, recapitalizations or similar transactions and certain other events as provided for in the terms thereof and the post-spin-off adjusted securities with respect to those set forth in the footnote(s) relating to Item A above. The full maximum number of shares of TripAdvisor Common Stock issuable in connection with the spin-off, without giving effect to the 50% adjustment described above on account of the expected reverse stock split (which number would then be 307,154,232 instead of 153,577,116), is also registered hereunder to account for the scenario in which the Expedia Board of Directors were to determine to proceed with the spin-off without effecting the reverse stock split (and the registration fee paid hereunder and proposed maximum offering price set forth herein are based on the full, unadjusted number of securities being cancelled as described in footnote (6) above and (8) below).

(8) Pursuant to Rule 457(f)(i), the registration fee is based upon the market value of the securities to be cancelled in the transaction. Items A through B above (and the footnotes relating thereto) account for all of the securities that will be cancelled in the transaction. Accordingly, the securities listed under Items C and D above that are also registered pursuant to this registration statement do not affect the registration fee payable hereunder.

(9) Based on the maximum number of TripAdvisor warrants to purchase shares of TripAdvisor Common Stock (TripAdvisor Warrants) for .25 of a share per warrant (assuming the 1:2 reverse stock split is implemented) and number of underlying shares of TripAdvisor Common Stock, which number is equal to the maximum number of New Expedia Warrants and underlying shares as set forth in Item B above and the footnote(s) related thereto and giving effect to the 50% adjustment described in such footnote(s) to reflect the expected reverse stock split. There is also registered hereunder such indeterminate number of additional TripAdvisor Warrants and underlying shares of TripAdvisor Common Stock that may become issuable due to anti-dilution adjustments for changes resulting from stock splits, stock dividends, recapitalizations or similar transactions and certain other events as provided for in the terms thereof. The full maximum number of TripAdvisor Warrants and number of underlying shares, without giving effect to the 50% adjustment described above on account of the expected reverse stock split (which number of underlying shares would then be 16,093,396 instead of 8,046,698), is also registered hereunder to account for the scenario in which the Expedia Board of Directors were to determine to proceed with the spin-off without effecting the reverse stock split (and the registration fee paid hereunder and proposed maximum offering price set forth herein are based on the full, unadjusted number of securities being cancelled as described in footnote (8) above).

(10) An amount equal to $1.94 has been added to the registration fee otherwise payable on account of the securities registered hereunder as set forth in Items A to D above. The transactions and matters described in the enclosed proxy statement/prospectus include the merger of a newly formed wholly owned subsidiary of Expedia, Inc. (Expedia) with and into Expedia, in connection with which each of the outstanding 751 shares of Expedia Series A Cumulative Convertible Preferred Stock, par value $0.001 (the Series A Preferred), will be converted into the right to receive an amount in cash equal to $22.23, plus an amount equal to accrued and unpaid dividends through the effective date of the merger. The preferred stock merger will be consummated prior to the reverse stock split and the spin-off, and neither the reverse stock split nor the spin-off will be effected if the preferred stock merger has not been consummated. The aggregate consideration to be paid in connection with the preferred stock merger is $16,694.73, assuming consummation at a date when there are no accrued and unpaid dividends to be included in the merger consideration. Applying the SEC s registration fee ratio of $116.10 per $1,000,000 with respect to this amount results in an incremental filing fee amount of $1.94. The base, annual, dividend rate with respect to the Series A Preferred Stock is 1.99% of $22.23, the face value of the Series A Preferred, or $0.44 per share, or $330.44 in the aggregate, with dividend payments made in quarterly installments.

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The information in this proxy statement/prospectus is not complete and may be changed. Expedia and TripAdvisor may not issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 24, 2011

PROSPECTUS

Expedia, Inc.	TripAdvisor, Inc.
[Expedia Logo]	[TripAdvisor Logo]

153,577,116 Shares of Common Stock, par value $0.0001 per share, of Expedia, Inc.

32,186,793 Warrants to purchase shares of Common Stock, par value $0.0001 per share, of Expedia, Inc.

(exercisable for an aggregate of 8,046,698.25 shares)

153,577,116 Shares of Common Stock, par value $0.001 per share, of TripAdvisor, Inc.

32,186,793 Warrants to purchase shares of Common Stock, par value $0.001 per share, of TripAdvisor, Inc.

(exercisable for an aggregate of 8,046,698.25 shares)

This prospectus relates to the securities listed above that Expedia, Inc. (Expedia) and TripAdvisor, Inc. (TripAdvisor) may issue in connection with Expedia s spin-off of TripAdvisor. After the spin-off, TripAdvisor will be an independent, separately traded public company that will consist of the domestic and international operations associated with Expedia s TripAdvisor Media Group. Expedia will effect the spin-off by means of a reclassification of its capital stock that will result in the holders of Expedia capital stock at the time of effectiveness of the reclassification having the right to receive a proportionate amount of TripAdvisor capital stock. A one-for-two reverse stock split of outstanding Expedia capital stock is contemplated to occur prior to the spin-off.

The securities and businesses of Expedia and TripAdvisor are subject to various risks, including with respect to and following the spin-off. You should carefully consider the disclosures contained under the section entitled Risk Factors, beginning on page 19 of this prospectus, and carefully read this prospectus in its entirety.

Expedia s common stock currently trades on The Nasdaq Global Select Market under the ticker symbol EXPE and the reclassified shares of Expedia common stock are expected to continue to trade under such symbol on The Nasdaq Global Select Market after the spin-off. Outstanding warrants with respect to Expedia common stock are not currently publicly listed and will be adjusted in connection with the spin-off and the reverse stock split. Expedia has no plans to publicly list such warrants.

Prior to the spin-off, TripAdvisor will have been a wholly owned subsidiary of Expedia, and its common stock has not been publicly listed. In connection with the spin-off, TripAdvisor will apply to list TripAdvisor common stock on The Nasdaq Global Select Market and has accordingly reserved the ticker symbol TRIP. While trading in TripAdvisor common stock under this symbol is expected to begin on the first business day following the date that Expedia completes the spin-off, there can be no assurance that a viable and active trading market will develop. There is no plan to publicly list the new TripAdvisor warrants that will be issued in connection with the spin-off as a consequence of adjustments to the Expedia warrants.

Neither the Securities and Exchange Commission nor any state securities regulators have approved or disapproved the spin-off or the securities to be issued in the spin-off or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated [ ], 2011

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The information in this proxy statement/prospectus is not complete and may be changed. Expedia and TripAdvisor may not issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated October 24, 2011

[Expedia Logo] **[TripAdvisor Logo]**

[ ], 2011

PROXY STATEMENT/PROSPECTUS

Dear Stockholder:

You are invited to attend the 2011 Annual Meeting of Stockholders of Expedia, Inc., which Expedia will hold on [ ], 2011, at [ ] local time at [ ] to obtain stockholder approval of amendments to Expedia s amended and restated certificate of incorporation that will result in, among other things, the spin-off from Expedia of TripAdvisor, Inc., a Delaware corporation and a one-for-two reverse stock split implemented prior to the spin-off, of a merger agreement that will result in the conversion of the remaining shares of Expedia s Series A preferred stock to cash so as to simplify Expedia s capital structure in advance of the spin-off, and a number of other annual meeting proposals that are described in the notice of meeting on the following page.

After the spin-off, TripAdvisor will be an independent, separately traded public company that will consist of the domestic and international operations associated with Expedia s TripAdvisor Media Group, including the flagship TripAdvisor brand as well as 18 other travel media brands. Expedia will effect the spin-off by means of a reclassification of its capital stock that will result in the current holders of Expedia capital stock having the right to receive a proportionate amount of TripAdvisor capital stock, in a transaction that is generally tax free for federal income tax purposes. **See Risk Factors beginning on page 19 of this proxy statement/prospectus for information that you should consider in evaluating the spin-off proposal and the reverse stock split proposal.**

Expedia s Board of Directors believes that the spin-off of TripAdvisor from Expedia and the other proposals submitted for your approval at the Annual Meeting are in the best interests of Expedia and its stockholders. **Expedia s Board of Directors recommends that you vote FOR the spin-off proposal and the other proposals submitted for your approval at the Annual Meeting and vote in favor of holding an advisory vote on Expedia s executive compensation every THREE years.**

In addition to the votes required under Delaware law, based on the recommendation of the Special Committee of the Board of Directors of Expedia, the Expedia Board of Directors has further conditioned the spin-off on the affirmative vote of holders of a majority of the outstanding shares of Expedia common stock, other than shares owned or controlled by Expedia management.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, please take the time to vote. You may vote over the internet, as well as by telephone, or by mailing a proxy or voting instruction card. If you attend the Annual Meeting, you may vote in person if you wish, even though you have previously submitted your vote.

Sincerely,

Dara Khosrowshahi

Chief Executive Officer

333 108th Avenue N.E.

Bellevue, Washington 98004

Neither the Securities and Exchange Commission nor any state securities regulators have approved or disapproved the spin-off or the securities to be issued in the spin-off or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is first being mailed to stockholders on or about [ ], 2011.

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EXPEDIA, INC.

333 108th Avenue N.E.

Bellevue, Washington 98004

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The 2011 Annual Meeting of Stockholders of Expedia, Inc., a Delaware corporation, will be held on [ ], 2011, at [ ] local time at [ ]. Expedia is providing this proxy statement/prospectus to holders of Expedia s common stock, Class B common stock and Series A preferred stock in connection with the solicitation of proxies by the Board of Directors of Expedia for use at the Annual Meeting. At the Annual Meeting, stockholders will consider, among other things, the spin-off of TripAdvisor, Inc. as a separately traded public company that will consist of the domestic and international operations associated with Expedia s TripAdvisor Media Group, including the flagship TripAdvisor brand as well as 18 other travel media brands.

In particular, Expedia will ask stockholders:

1. To approve amendments to the Expedia amended and restated certificate of incorporation that would effect the spin-off of TripAdvisor, Inc. by:

- Reclassifying each share of Expedia $0.001 par value common stock into one share of Expedia $0.0001 par value common stock and 1/100 of a share of Expedia Series 1 Mandatory Exchangeable Preferred Stock that will automatically exchange into one share of TripAdvisor $0.001 par value common stock immediately following the reclassification; and

- Reclassifying each share of Expedia $0.001 par value Class B common stock into one share of Expedia $0.0001 par value Class B common stock and 1/100 of a share of Expedia Series 2 Mandatory Exchangeable Preferred Stock that will automatically exchange into one share of TripAdvisor $0.001 par value Class B common stock immediately following the reclassification.

2. To approve amendments to the Expedia amended and restated certificate of incorporation to effect a one-for-two reverse stock split of Expedia common stock and Expedia Class B common stock (which would, if implemented, take place immediately prior to the spin-off).

3. To approve a proposal to adopt a merger agreement, as it may be amended from time to time, under which a wholly owned subsidiary of Expedia would merge with and into Expedia, and in connection with which each share of Expedia Series A Cumulative Convertible Preferred Stock, par value $0.001, will be converted into the right to receive an amount in cash equal to $22.23, plus an amount equal to accrued and unpaid dividends through the effective date of the merger.

4. To approve the addition of provisions to the Expedia amended and restated certificate of incorporation pursuant to which Expedia would renounce any interest or expectancy in certain corporate opportunities, which generally would have the effect that no officer or director of Expedia who is also an officer or director of TripAdvisor will be liable to Expedia or its stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to TripAdvisor instead of Expedia, or does not communicate information to Expedia regarding a corporate opportunity that the officer or director has directed to TripAdvisor (analogous and reciprocal provisions will be included in TripAdvisor s certificate of incorporation). Expedia will implement this proposal only if Expedia completes the spin-off.

5. To elect the ten directors named in this proxy statement/prospectus to the Expedia Board of Directors, each to hold office for a one-year term ending on the date of the next annual meeting of stockholders or until such director s successor shall have been duly elected and qualified (or, if earlier, such director s removal or resignation from the Expedia Board of Directors).

6. To ratify the appointment of Ernst & Young LLP as Expedia s independent registered public accounting firm for 2011.

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7. To hold an advisory vote on Expedia s executive compensation.

8. To hold an advisory vote on the frequency of the advisory vote on Expedia s executive compensation.

9. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

The Expedia Board of Directors may determine not to proceed with the spin-off and not to effect the related amendments to its amended and restated certificate of incorporation described above, even though Expedia may have received all necessary stockholder approvals with respect thereto. The preferred stock merger would be effected before the reverse stock split, if implemented, and before the spin-off. Expedia will not effect the spin-off or the reverse stock split if the preferred stock merger has not been consummated.

Only holders of record of outstanding shares of Expedia capital stock at the close of business on [ ], 2011 are entitled to notice of, to attend, and to vote at the Annual Meeting and any adjournments or postponements thereof.

Only stockholders and persons holding proxies from stockholders may attend the Annual Meeting. Seating is limited, however, and admission to the Annual Meeting will be on a first-come, first-served basis. If your shares are registered in your name, you must bring a form of identification to the Annual Meeting. If your shares are held in the name of a broker, trust, bank or other nominee, you must bring a proxy or letter from that broker, trust, bank or other nominee that confirms that you are the beneficial owner of those shares. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting.

By order of the Board of Directors,

Burke F. Norton

Executive Vice President, General Counsel and Secretary

[ ], 2011

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Additional Information

This proxy statement/prospectus:

- incorporates by reference important business and financial information about Expedia that Expedia has not included in or delivered with this proxy statement/prospectus; and

- does not include some of the information included in the registration statement on Form S-4 that Expedia and TripAdvisor have jointly filed with the SEC or information included in the exhibits to the registration statement.

Upon your written or oral request, Expedia will make available to you without charge the information that Expedia has incorporated by reference into this proxy statement/prospectus or that Expedia and TripAdvisor have filed as exhibits to the registration statement on Form S-4. You can obtain the documents incorporated by reference in this proxy statement/prospectus or filed as exhibits to the registration statement by requesting them in writing or by telephone from Expedia at the following address and telephone number:

Expedia, Inc.

333 108th Avenue N.E.

Bellevue, WA 98004

Attn: Investor Relations Department

(425) 679-7200

You should make any request for documents by [ ], 2011 to ensure timely delivery of the documents prior to the Annual Meeting.

To find more information, see Where You Can Find More Information and Incorporation by Reference.

Explanatory Note

TripAdvisor, Inc. was incorporated as a Delaware corporation in July 2011. TripAdvisor, Inc. currently does not have any material assets or liabilities, nor does it engage in any business or other activities and, other than in connection with the spin-off, will not acquire or incur any material assets or liabilities, nor will it separately engage in any business or other activities, in each case prior to the spin-off.

Consequently, in addition to the audited balance sheet of TripAdvisor, Inc. as of September 2, 2011, this proxy statement/prospectus includes combined financial statements and other historical financial information of TripAdvisor Holdings, LLC, a Massachusetts limited liability company and a direct wholly owned subsidiary of Expedia. The domestic and international operations associated with Expedia s TripAdvisor Media Group have historically been conducted primarily through TripAdvisor Holdings, LLC and its subsidiaries. In connection with and prior to the spin-off, Expedia will contribute all of the outstanding equity interests in TripAdvisor Holdings, LLC to TripAdvisor, Inc. At the time of the contribution, TripAdvisor Holdings, LLC will hold all of the Expedia subsidiaries and assets relating to Expedia s TripAdvisor Media Group, which on an historical basis are reflected in the combined financial statements of TripAdvisor Holdings, LLC.

Unless otherwise indicated, references in this proxy statement/prospectus to TripAdvisor refer to TripAdvisor, Inc., the entity that at the time of the spin-off will hold, through its subsidiaries, the businesses comprising Expedia s TripAdvisor Media Group and whose shares Expedia stockholders will receive in the spin-off. Where appropriate in context, the foregoing term also includes such subsidiaries.

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This proxy statement/prospectus is based on information provided by Expedia, TripAdvisor and other sources that Expedia and TripAdvisor believe to be reliable. This proxy statement/prospectus summarizes certain documents filed as exhibits to a registration statement on Form S-4 that Expedia and TripAdvisor have filed jointly with the SEC. This proxy statement/prospectus forms a part of the registration statement. For more information about Expedia, TripAdvisor and their respective securities, you should refer to the registration statement and the information included in the exhibits to the registration statement. For more information on how you can obtain copies of these documents, see Where You Can Find More Information and Incorporation by Reference.

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QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THE SPIN-OFF

The Annual Meeting

***Q*: What matters will Expedia stockholders consider at the Annual Meeting?**

***A*:** Expedia stockholders will vote on the following proposals:

To approve amendments to Expedia s amended and restated certificate of incorporation that would effect the spin-off of TripAdvisor by reclassifying the Expedia common stock and Expedia Class B common stock. This proxy statement/prospectus refers to the foregoing proposal as the spin-off proposal. If Expedia s stockholders approve the spin-off proposal and Expedia completes the spin-off, the holders of Expedia common shares outstanding immediately prior to the spin-off would initially own all of the Expedia common shares and TripAdvisor common shares outstanding immediately following the spin-off. Expedia may determine not to proceed with the spin-off and not to make the related amendments to its certificate of incorporation described below, notwithstanding the fact that Expedia may have received all necessary stockholder approvals with respect thereto;

To approve amendments to Expedia s amended and restated certificate of incorporation to effect a one-for-two reverse stock split of Expedia common stock and Expedia Class B common stock. This proxy statement/prospectus refers to the foregoing proposal as the reverse stock split proposal. If Expedia s stockholders approve the reverse stock split proposal and the spin-off proposal and the Expedia Board of Directors proceeds with the spin-off, Expedia intends to effect the one-for-two reverse stock split immediately prior to the spin-off. Expedia will not complete the one-for-two reverse stock split unless the spin-off is to be effected;

To approve a proposal to adopt a merger agreement pursuant to which a wholly owned subsidiary of Expedia would merge with and into Expedia and each share of Expedia Series A Cumulative Convertible Preferred Stock, par value $0.001, will be converted into the right to receive an amount in cash equal to $22.23, plus an amount equal to accrued and unpaid dividends through the effective date of the merger. This proxy statement/prospectus refers to the foregoing proposal as the preferred stock merger proposal. The preferred stock merger would be effected before the reverse stock split and before the spin-off. Expedia will not effect the spin-off or the reverse stock split if the preferred stock merger has not been consummated;

To approve the addition of provisions to the Expedia amended and restated certificate of incorporation pursuant to which Expedia would renounce any interest or expectancy in certain corporate opportunities, which generally would have the effect that no officer or director of Expedia who is also an officer or director of TripAdvisor will be liable to Expedia or its stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to TripAdvisor instead of Expedia, or does not communicate information to Expedia regarding a corporate opportunity that the officer or director has directed to TripAdvisor (analogous and reciprocal provisions will be included in TripAdvisor s certificate of incorporation). Expedia will implement this proposal only if Expedia completes the spin-off;

To elect the ten directors named in this proxy statement/prospectus to the Expedia Board of Directors, each to hold office for a one-year term ending on the date of the next annual meeting of stockholders or until such director s successor shall have been duly elected and qualified (or, if earlier, such director s removal or resignation from the Expedia Board of Directors);

To ratify the appointment of Ernst & Young LLP as independent registered public accounting firm of Expedia for the 2011 fiscal year;

To hold an advisory vote on Expedia s executive compensation;

To hold an advisory vote on the frequency of the advisory vote on Expedia s executive compensation; and

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To transact such other business as may properly come before the meeting and any adjournments or postponements of the meeting.

***Q*: What votes are required to approve the spin-off proposal?**

***A*:** Under Delaware law, the spin-off proposal must be approved by:

The affirmative vote of holders of a majority of the outstanding shares of Expedia common stock, voting as a separate class;

The affirmative vote of holders of a majority of the outstanding shares of Expedia Class B common stock, voting as a separate class; and

The affirmative vote of holders of a majority of the voting power of the outstanding shares of Expedia common stock, Expedia Class B common stock and Expedia Series A preferred stock, voting together as a single class, with each share of Expedia common stock entitled to one vote per share, each share of Expedia Class B common stock entitled to ten votes per share and each share of Expedia Series A preferred stock entitled to two votes per share. This proxy statement/prospectus refers to the Expedia common stock, Expedia Class B common stock and Expedia Series A preferred stock, taken together, along with their respective votes per share as described in the preceding sentence, as the Expedia capital stock.

In addition to the votes required under Delaware law, based on the recommendation of the Expedia Special Committee of the Board, the Expedia Board of Directors has further conditioned the spin-off on the affirmative vote of holders of a majority of the outstanding shares of Expedia common stock, other than shares owned or controlled by Expedia management.

***Q*: What vote is required to approve the reverse stock split proposal, the corporate opportunity proposal and the preferred stock merger proposal?**

***A*:** Under Delaware law, each of the reverse stock split proposal, the corporate opportunity proposal and the preferred stock merger proposal must be approved by the affirmative vote of a majority of the voting power of the outstanding shares of Expedia capital stock voting together as a single class.

***Q*: What votes are required to elect directors to the Expedia Board of Directors?**

***A*:** The election of each of seven of the ten director nominees (Messrs. Barry Diller, Dara Khosrowshahi, Victor A. Kaufman, Jonathan L. Dolgen, William R. Fitzgerald, John C. Malone and José A. Tazón) as directors requires a plurality of the total number of votes cast by the holders of shares of Expedia capital stock, present in person or represented by proxy, voting together as a single class.

The election of each of the remaining three director nominees (Messrs. A. George Skip Battle, Craig A. Jacobson and Peter M. Kern) as directors requires a plurality of the total number of votes cast by the holders of shares of Expedia common stock, present in person or represented by proxy, voting together as a separate class.

***Q*: What vote is required to ratify the appointment of Ernst & Young LLP as Expedia s independent registered public accounting firm?**

A: The ratification of the appointment of Ernst & Young LLP as Expedia s independent registered public accounting firm for 2011 requires the affirmative vote of the holders of a majority of the voting power of the shares of Expedia capital stock, present in person or represented by proxy, and entitled to vote thereon, voting together as a single class.

Q**: What vote is required with respect to the advisory votes on Expedia s executive compensation?**

A: At the Annual Meeting, Expedia will ask its stockholders to approve, on an advisory basis, the compensation of Expedia s named executive officers as disclosed in this proxy statement/prospectus in

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accordance with SEC rules. This proposal requires the affirmative vote of a majority of the voting power of the shares of Expedia capital stock, present in person or represented by proxy, and entitled to vote thereon, voting together as a single class.

In addition, at the Annual Meeting, Expedia will ask its stockholders to choose, on an advisory basis, how frequently they would like to cast such advisory vote on the compensation of Expedia s named executive officers. Generally, approval of any matter presented to stockholders requires the affirmative vote of a majority of the voting power of the shares of Expedia capital stock, present in person or represented by proxy, and entitled to vote thereon, voting together as a single class. However, because this vote is advisory and non-binding, if none of the frequency options receives such a majority, the option receiving the greatest number of votes will be considered the frequency recommended by Expedia s stockholders. Even though this vote will not be binding on Expedia or the Expedia Board of Directors and will not create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on, Expedia or the Expedia Board of Directors, the Expedia Board of Directors will take into account the outcome of this vote in making a determination on the frequency with which Expedia will include advisory votes on its executive compensation in Expedia s proxy statement.

Q**: What is the impact on the stockholder votes of arrangements as of the meeting record date between Mr. Diller and Liberty Interactive Corporation?**

A: As of the record date for the Annual Meeting, under the stockholders agreement between Barry Diller and Liberty Interactive Corporation (formerly known as Liberty Media Corporation) entered into on August 9, 2005, Mr. Diller, the Chairman and Senior Executive of Expedia, held an irrevocable proxy over all Expedia securities owned by Liberty Interactive Corporation and its subsidiaries. This irrevocable proxy includes authority to vote on each of the proposals presented for approval at the Annual Meeting. Mr. Diller, through shares that he owns as well as those subject to the Liberty Interactive proxy, generally controls the vote of approximately [ ]% of the outstanding shares of common stock (or [ ]% assuming exercise of Mr. Diller s vested stock options and conversion of all shares of Class B common stock into shares of common stock) and 100% of the outstanding shares of Class B common stock and, consequently, approximately [ ]% of the combined voting power of the outstanding Expedia capital stock as of the record date. Including the holdings of Expedia s other directors and executive officers and their affiliates would increase such percentage by less than 1%. As a result, regardless of the vote of any other Expedia stockholder, Mr. Diller has control over the votes relating to the reverse stock split proposal, the preferred stock merger proposal, the election of seven of the ten director nominees (holders of Expedia common stock elect three directors as a separate class), the ratification of the appointment of Expedia s independent registered public accounting firm, and both advisory proposals regarding Expedia s executive compensation. Mr. Diller has control over the separate class vote of Expedia Class B common stock with respect to the spin-off proposal and the separate combined vote of the outstanding shares of the Expedia common stock, the Expedia Class B common stock and the Expedia Series A preferred stock, voting together as a single class, but does not have control over either the separate class vote of Expedia common stock with respect to the spin-off proposal or the vote on the spin-off proposal by the outstanding shares of Expedia common stock other than shares owned or controlled by Expedia management.

Q**: Who is entitled to vote at the Annual Meeting?**

A: You are entitled to vote at the Annual Meeting if you were a holder of Expedia common stock, Expedia Class B common stock or Expedia Series A preferred stock at the close of business on [ ], 2011, the record date for the Annual Meeting.

Q**: What do I need to do now to vote at the Annual Meeting?**

A: The Expedia Board of Directors is soliciting proxies for use at the Annual Meeting. Stockholders of record may vote their shares in any of four ways:

Submitting a Proxy by Mail: If you choose to submit your proxy by mail, simply request printed proxy cards (or use the printed proxy cards you will receive with this proxy statement/prospectus), then mark, sign and date the printed proxy cards and mail them in the accompanying pre-addressed envelopes;

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Submitting a Proxy by Telephone: Submit a proxy for your shares by telephone by using the toll-free telephone number provided on your proxy card and following the recorded instructions. Telephone voting is available 24 hours a day;

Submitting a Proxy by Internet: Submit your proxy via the internet. The website for internet proxy voting is on your proxy card, and internet proxy voting is also available 24 hours a day; or

Voting in Person: If you were registered as a stockholder on Expedia s books on [ ], 2011, you may vote in person by attending the Annual Meeting, and we will provide a ballot to registered stockholders who request one at the meeting.

Street name holders may submit a proxy by telephone or the internet if their bank or broker makes those methods available, in which case the bank or broker will enclose the instructions with this proxy statement/prospectus. If you submit a proxy by telephone or via the internet you should not return your proxy card. Instructions on how to submit a proxy by telephone or via the internet are located on the proxy card enclosed with this proxy statement/prospectus.

A person who beneficially owns shares of common stock through a bank, broker or other nominee (generally referred to as a street name holder) may submit a proxy by telephone or the internet if his, her or its bank, broker or other nominee makes those methods available, in which case the bank, broker or other nominee will enclose the instructions with this proxy statement/prospectus. A street name holder can vote his, her or its shares in person at the Annual Meeting only if he, she or it obtains from the bank, broker or other nominee a proxy, often referred to as a legal proxy, to vote those shares, and presents such proxy to the inspector of election at the meeting, together with his, her or its ballot.

The designated proxy will vote all proxies that you properly submit, and that you do not revoke, at the Annual Meeting in accordance with the instructions indicated on your proxy. If you do not provide instructions on your proxy, your designated proxy will vote FOR each of the proposals that Expedia describes in this proxy statement/prospectus to be submitted for your approval at the Annual Meeting, and in favor of holding an advisory vote on Expedia s executive compensation every three years. Your designated proxy will not vote unsigned proxy cards at all and unsigned proxies will have the same effect as a vote against the spin-off proposal, the reverse stock split proposal, the preferred stock merger proposal and the corporate opportunity proposal.

If you hold your shares through a bank or broker, follow the voting instructions on the form you receive from your bank or broker.

Your vote is important. Expedia encourages you to submit your proxy by telephone or internet or by signing and returning the accompanying proxy card whether or not you plan to attend the Annual Meeting.

Q**: Can I change my vote?**

A: Yes. If you are a stockholder of record, you may change your vote or revoke your proxy at any time before the vote at the Annual Meeting by:

Delivering to BNY Mellon Shareowner Services a written notice, bearing a date later than the proxy, stating that you revoke the proxy;

Submitting a later-dated proxy relating to the same shares by mail, telephone or the internet prior to the vote at the Annual Meeting; or

Attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not, by itself, revoke a proxy).

You should send any written notice or new proxy card to Expedia, Inc. c/o BNY Mellon Shareowner Services at the following address: P.O. Box 3550, South Hackensack, New Jersey 07606-9250, or follow the instructions provided on your proxy card to submit a proxy by telephone or via the internet. You may request a new proxy card by calling Expedia s proxy solicitor, MacKenzie Partners, Inc., at

1-800-322-2885 (toll-free).

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***Q*: If I hold my shares in street name through my broker, will my broker vote my shares for me?**

***A*:** Other than with respect to the auditor ratification proposal, your broker will vote your shares only if you provide instructions to your broker on how to vote your shares. You should follow the directions that your broker provides regarding how to instruct your broker to vote your shares. If you fail to provide instructions to your broker, other than with respect to the auditor ratification proposal with respect to which your broker will have discretionary authority to vote even if you do not provide instructions as to how to vote, your broker will not vote your shares, which event we refer to as a broker non-vote and which will have the same effect as a vote against the spin-off proposal, the reverse stock split proposal, the preferred stock merger proposal and the corporate opportunity proposal. Broker non-votes will have no effect on the election of directors, the advisory proposal on approving Expedia s executive compensation or the advisory proposal on the frequency of advisory votes on Expedia s executive compensation.

***Q*: What happens if I abstain?**

***A*:** An abstention will have the same effect as a vote against the spin-off proposal, the reverse stock split proposal, the preferred stock merger proposal, the corporate opportunity proposal, the auditor ratification proposal, the advisory proposal on approving Expedia s executive compensation and the advisory proposal on the frequency of advisory votes on Expedia s executive compensation. Abstentions will have no effect on the election of directors.

***Q*: What happens if I don t vote?**

***A*:** If you are a record holder and you do not send a signed proxy or vote by telephone or over the internet, and you do not attend the Annual Meeting so as to vote in person, it will have the same effect as a vote against the spin-off proposal, the reverse stock split proposal, the preferred stock merger proposal and the corporate opportunity proposal, and it will have no effect on the election of directors, the auditor ratification proposal, the advisory proposal on approving Expedia s executive compensation or the advisory vote on frequency of advisory votes on Expedia s executive compensation.

The Spin-Off Proposal

***Q*: What is Expedia proposing to do?**

***A*:** Expedia is proposing to spin-off TripAdvisor so that TripAdvisor will become an independent, separately traded public company. After the spin-off, TripAdvisor will consist of the domestic and international operations associated with the flagship TripAdvisor brand as well as 18 other travel media brands. After the spin-off, Expedia will continue to operate or manage its remaining businesses, subsidiaries and investments. For a description of these businesses, subsidiaries and investments, see Proposal 1 The Spin-Off Proposal Information about Expedia After the Spin-Off. If the spin-off is effected, the holders of Expedia common shares outstanding immediately prior to the spin-off would own all of the Expedia common shares and TripAdvisor common shares outstanding immediately following the spin-off.

***Q*: Why is Expedia proposing the TripAdvisor spin-off?**

***A*:** The Expedia Board of Directors believes that the spin-off should provide benefits to Expedia and its stockholders, including, among others:

- Providing capital markets and investors with greater transparency into each of Expedia and TripAdvisor;

Creating businesses that have a single business focus, which we refer to as pure-play businesses, each with an equity currency that could promote growth through acquisitions; and

Enhancing the effectiveness of Expedia and TripAdvisor s respective employee compensation structures.

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The Expedia Board of Directors also considered the potential risks and consequences to Expedia and its stockholders associated with the spin-off, but believes that the benefits to Expedia and its stockholders outweigh the risks. These potential risks and consequences include, among others, that:

- the expected benefits from the spin-off may not be achieved;
- the synergies that Expedia achieves with all of its businesses under the same corporate structure will cease to exist with regard to the TripAdvisor businesses following the spin-off;
- after the spin-off, TripAdvisor may be unable to make the changes necessary to operate effectively as an independent public entity and will incur increased costs relating to operating as an independent public company that could cause its cash flow and results of operations to decline; and
- conflicts of interests or the appearance thereof may develop between Expedia and TripAdvisor, including with respect to the management and directors of Expedia, on the one hand, and the management and directors of TripAdvisor, on the other hand.

For a discussion of the Expedia Board of Director s recommendation and the factors considered by the Board, see Recommendation of Expedia s Board of Directors.

***Q*: What will I own after the Reverse Stock Split and the TripAdvisor spin-off?**

***A*:** Immediately prior to the spin-off, Expedia expects to effect a one-for-two reverse stock split. The following bullets describe the treatment of certain Expedia securities in the spin-off assuming the reverse stock split occurs:

- **Expedia common stock**: For every two shares of Expedia common stock that you own prior to the spin-off and the one-for-two reverse stock split, you will own one share of Expedia common stock and one share of TripAdvisor common stock immediately following the spin-off. Each share of Expedia common stock and TripAdvisor common stock that you own following the spin-off will be entitled to one vote per share. Holders will receive cash in lieu of any fractional shares of Expedia common stock resulting from the reverse stock split.
- **Expedia Class B common stock**: For every two shares of Expedia Class B common stock that you own prior to the spin-off and the one-for-two reverse stock split, you will own one share of Expedia Class B common stock and one share of TripAdvisor Class B common stock immediately following the spin-off. Each share of Expedia Class B common stock and TripAdvisor Class B common stock following the spin-off will be entitled to ten votes per share. Holders will receive cash in lieu of any fractional shares of Expedia Class B common stock resulting from the reverse stock split.
- **Expedia Series A preferred stock**: Expedia will have completed the preferred stock merger prior to the reverse stock split and the spin-off, resulting in the conversion of each share of Expedia Series A preferred stock (other than dissenting shares) into the right to receive $22.23 in cash per share, plus an amount equal to accrued and unpaid dividends through the effective date of the merger. Expedia will not effect the spin-off or the reverse stock split if the preferred stock merger has not been consummated. As a result, no shares of Expedia Series A preferred stock will be outstanding at the time of the reverse stock split, the spin-off or the effectiveness of any of the proposed charter amendments (including the amendment that would give effect to the corporate opportunity proposal).

Warrants to purchase Expedia common stock: Expedia has outstanding a series of warrants that expire in May 2012. Following the TripAdvisor spin-off, Expedia s warrants will convert into adjusted warrants to purchase shares of Expedia common stock and new warrants to purchase shares of TripAdvisor common stock, each of which will mirror in all material respects the terms of the current warrants to purchase shares of Expedia common stock, as adjusted to reflect the spin-off and the one-for-two reverse stock split.

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Expedia estimates that transaction costs in connection with the spin-off, the reverse stock split and the preferred stock merger will total approximately $9 million, of which $17,000 represents the merger consideration expected to be paid to holders of Expedia Series A preferred stock in the preferred stock merger.

***Q*: Will the Expedia securities and the TripAdvisor securities be listed on an exchange and publicly traded after the spin-off?**

***A*:** Expedia common stock currently trades on The Nasdaq Global Select Market under the ticker symbol EXPE and will continue to do so after the spin-off (as adjusted in connection with the spin-off and the one-for-two reverse stock split). The Expedia warrants (which will also be adjusted in connection with the spin-off and the reverse stock split) are not currently publicly listed, and Expedia has no plans to list them following the spin-off.

TripAdvisor will apply to list TripAdvisor common stock on The Nasdaq Global Select Market and has reserved the ticker symbol TRIP. Trading in TripAdvisor common stock under this symbol is expected to begin on the first business day following the date that Expedia completes the spin-off. However, there can be no assurance that a viable and active trading market will develop. There is no plan to publicly list the new TripAdvisor warrants.

***Q*: Will a when-issued trading market develop for post-spin-off Expedia and/or TripAdvisor securities prior to the completion of the spin-off?**

***A*:** When-issued trading refers to conditional purchases or sales transactions with respect to a security that has been authorized but is not yet issued and available. Expedia currently expects, but cannot guarantee, that a when-issued trading market will develop with respect to Expedia and TripAdvisor publicly held securities prior to the completion of the spin-off. With respect to Expedia securities, a when-issued market for post-spin-off Expedia securities may develop as soon as Expedia stockholder approval for the spin-off is obtained. With respect to TripAdvisor securities, a when-issued market for post-spin-off TripAdvisor securities may develop after Expedia stockholder approval for the spin-off is obtained and TripAdvisor securities are registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. No assurance can be given that a when-issued trading market will, in fact, develop in either Expedia or TripAdvisor securities.

***Q*: Is Expedia required to effect the spin-off, the reverse stock split or the proposed amendments to Expedia s certificate of incorporation if stockholders were to approve them?**

***A*:** No. Regardless of receipt of necessary stockholder approvals, the Expedia Board of Directors retains and has reserved the right to abandon the spin-off, the reverse stock split and each of the proposed charter amendments.

***Q*: Am I entitled to dissenters rights or appraisal rights with respect to the spin-off?**

***A*:** No. You will not be entitled to dissenters rights or appraisal rights in connection with the spin-off. See Proposal 1 The Spin-Off Proposal No Appraisal Rights.

***Q*: Am I entitled to dissenters rights or appraisal rights with respect to the preferred stock merger?**

***A*:**

Holders of shares of Expedia common stock or Expedia Class B common stock will not be entitled to dissenters rights or appraisal rights in connection with the preferred stock merger, but holders of shares of Expedia s Series A preferred stock who do not vote in favor of the preferred stock merger proposal and properly perfect their appraisal rights will be entitled to such rights under Delaware law. See Proposal 3 Preferred Stock Merger Proposal Appraisal Rights.

***Q*: When does Expedia expect to complete the spin-off?**

A: If Expedia stockholders approve the spin-off proposal at the Annual Meeting and all of the other conditions to the completion of the spin-off are satisfied, Expedia currently expects to complete the spin-off during the

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fourth quarter of 2011. However, even if Expedia stockholders approve the spin-off proposal, the Expedia Board of Directors may abandon or delay the spin-off. In any event, Expedia may delay the completion of the spin-off if necessary to permit the development of a when-issued trading market in Expedia common stock and TripAdvisor common stock prior to completion of the spin-off.

Q**:** **Do I need to do anything with my certificates for Expedia securities?**

A: The bullets below describe some of the mechanics relating to the exchange of your Expedia securities for securities of each of Expedia and TripAdvisor following the spin-off (and mechanics with respect to the preferred stock merger).

Expedia common stock: Expedia will mail to each holder of Expedia common stock a Letter of Transmittal with instructions that explain how to return certificated shares of Expedia common stock to enable you to receive uncertificated shares of Expedia common stock and TripAdvisor common stock to which you are entitled following the spin-off (as described more fully below). Holders of Expedia common stock may deliver their certificates representing shares of Expedia common stock, along with a properly executed Letter of Transmittal and any other required documents, to the exchange agent identified in the Letter of Transmittal. The certificates will be canceled and each holder will receive the number of full shares of reclassified Expedia common stock and TripAdvisor common stock to which that holder is entitled, after giving effect to the spin-off and the one-for-two reverse stock split, subject to receipt of cash in lieu of any fractional shares arising from the reverse stock split.

Following the spin-off, reclassified Expedia common stock and TripAdvisor common stock will be issued electronically by way of direct registration, or in uncertificated form, which will eliminate the physical handling and safekeeping responsibilities inherent in owning transferable stock certificates and the need to return a duly executed stock certificate to effect a transfer. BNY Mellon Shareowner Services will act as the registrar and transfer agent for Expedia common stock and TripAdvisor common stock after the spin-off. After the spin-off, you will be able to transfer shares of Expedia common stock or TripAdvisor common stock by mailing to BNY Mellon Shareowner Services a transfer and assignment form, which BNY Mellon Shareowner Services will provide to holders at no charge upon written request.

Warrants to purchase Expedia common stock: Warrants to purchase shares of Expedia common stock will be adjusted as described in this proxy statement/prospectus. Subject to adjustment for the one-for-two reverse stock split and the spin-off, the Expedia warrants will remain outstanding and continue to be governed by their existing terms. In addition, TripAdvisor will issue TripAdvisor warrants pursuant to adjustments to the Expedia warrants. These TripAdvisor warrants will be issued promptly following the completion of the spin-off in certificated or uncertificated form, depending on the form in which the respective outstanding Expedia warrant to be adjusted is held. At or prior to the completion of the spin-off, Expedia will deposit with the warrant agent the new form of TripAdvisor warrant.

Expedia Series A Preferred Stock: Expedia will appoint a paying agent to handle the payment of the merger consideration for shares of Expedia s Series A preferred stock. Soon after the merger effective time, the paying agent will mail a Letter of Transmittal to each holder of a certificate (or, if applicable, book-entry share) representing a share or shares of Expedia s Series A preferred stock. The letter of transmittal will contain instructions explaining the procedure for surrendering such shares. Holders of shares of Expedia s Series A preferred stock should follow those instructions. As a general matter, holders of Expedia Series A preferred stock will need to deliver their certificates representing shares of Expedia Series A preferred stock, along with a properly executed Letter of Transmittal and any other required documents, to the paying agent identified in the Letter of Transmittal. The certificates will be canceled and as promptly as practicable following the preferred stock merger, the paying agent will distribute to each holder the merger consideration.

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***Q*: Whom can I call with questions?**

***A*:** If you have any questions about the spin-off or the Annual Meeting, or would like copies of any of the documents referred to in this proxy statement/prospectus, you should call MacKenzie Partners, Inc. at 1-800-322-2885.

***Q*: Where can I find more information about Expedia and TripAdvisor?**

***A*:** You can find more information from various sources described under Where You Can Find More Information and Incorporation by Reference.

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SUMMARY

The following is a summary of some of the information contained in this proxy statement/prospectus. In addition to this summary, you should read the entire document carefully, including (1) the risks associated with the spin-off, investing in Expedia securities and TripAdvisor securities and the businesses of each of Expedia and TripAdvisor that are discussed under Risk Factors and (2) the unaudited pro forma condensed financial statements and related notes for each of Expedia and TripAdvisor included in Annexes B and C and the historical financial statements and related notes for TripAdvisor included in Annexes D and E, respectively, and the consolidated financial statements and related notes for Expedia incorporated by reference from Expedia s Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and from Expedia s Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2011 and June 30, 2011.

The summaries set forth under the captions Expedia and TripAdvisor assume the completion of the spin-off.

EXPEDIA

Expedia, Inc. is an online travel company, empowering leisure and business travelers with the tools and information they need to efficiently research, plan, book and experience travel. Expedia has created a global travel marketplace used by a broad range of leisure and corporate travelers, offline retail travel agents and travel service providers. Expedia makes available, on a stand-alone and package basis, travel products and services provided by numerous airlines, lodging properties, car rental companies, destination service providers, cruise lines and other travel product and service companies. Expedia also offers travel and non-travel advertisers access to a potential source of incremental traffic and transactions through its various media and advertising offerings on its transaction-based websites.

Its portfolio of brands includes Expedia.com®, Hotels.com®, Hotwire.com , Expedia® Affiliate Network, Classic Vacations, Expedia Local Expert , Expedia® CruiseShipCenters®, Egencia , eLong , and Venere Net SpA. In addition, many of these brands have related international points of sale.

For information regarding the results of Expedia s historical operations, see Management s Discussion and Analysis of Financial Condition and Results of Operations in Expedia s Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and in Expedia s Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2011 and June 30, 2011, which are incorporated by reference into this proxy statement/prospectus, and the unaudited pro forma condensed consolidated financial statements for Expedia and the related notes in Annex B.

Expedia, Inc. is a Delaware corporation. The mailing address of Expedia s principal executive offices is 333 108th Avenue N.E., Bellevue, WA 98004, and Expedia s telephone number at that location is (425) 679-7200.

TRIPADVISOR

TripAdvisor, Inc. is an online travel research company, empowering users to plan and enjoy the ideal trip. TripAdvisor s travel research platform aggregates reviews and opinions of members about destinations, accommodations (including hotels, bed and breakfasts (B&Bs), specialty lodging and vacation rentals), restaurants and activities throughout the world through the flagship TripAdvisor brand. TripAdvisor-branded websites include tripadvisor.com in the United States and localized versions of the website in 29 countries, including in China under the brand daodao.com. TripAdvisor-branded websites globally received over 50 million unique visitors in July 2011 (according to comScore) and have built a marketable base of more than 20 million

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members and over 50 million reviews and opinions. Beyond travel-related content, TripAdvisor websites also include links to the websites of its advertisers, including travel advertisers, allowing travelers to directly book their travel arrangements.

In addition to the flagship TripAdvisor brand, TripAdvisor manages and operates websites under 18 other travel media brands, connected by the common goal of providing comprehensive travel planning resources across the travel sector.

TripAdvisor derives substantially all of its revenue through the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. In addition, TripAdvisor earns revenue through a combination of subscription-based offerings, licensing of its content and its recently launched private sale website, SniqueAway.

TripAdvisor, Inc. is a Delaware corporation. The mailing address of TripAdvisor s principal executive offices is 141 Needham Street, Newton, MA 02464, and TripAdvisor s telephone number at that location is (617) 670-6300.

THE SPIN-OFF

Expedia has proposed to spin-off TripAdvisor so that TripAdvisor will become an independent, separately traded public company. In connection with the spin-off, TripAdvisor, Inc. was incorporated as a Delaware corporation in July 2011. TripAdvisor, Inc. currently does not have any material assets or liabilities, nor does it engage in any business or other activities and, other than in connection with the spin-off, will not acquire or incur any material assets or liabilities, nor will it separately engage in any business or other activities, in each case prior to the spin-off. In connection with the spin-off, Expedia will contribute or transfer all of the subsidiaries and assets relating to Expedia s TripAdvisor Media Group (as reflected in the TripAdvisor Holdings, LLC combined financial statements), including the flagship TripAdvisor brand as well as 18 other travel media brands, to TripAdvisor, Inc. and TripAdvisor, Inc. or one of its subsidiaries will assume of all of the liabilities relating to Expedia s TripAdvisor Media Group. After the transaction, Expedia will continue to own and operate its remaining businesses the domestic and international operations of its travel transaction brands including Expedia.com, Hotels.com, eLong, Hotwire, Egencia, Expedia Affiliate Network, CruiseShipCenters, Venere, Classic Vacations and carrentals.com as an independent, separately traded public company.

Spin-Off and Related Matters (page [ ])

Expedia is proposing to effect the spin-off and related matters through amendments to its amended and restated certificate of incorporation that would reclassify the Expedia common stock and Expedia Class B common stock. If those amendments are approved by Expedia s stockholders and Expedia completes the spin-off, the holders of Expedia common shares outstanding immediately prior to the spin-off will initially own all of the Expedia common shares and TripAdvisor common shares outstanding immediately following the spin-off.

Expedia may determine not to proceed with the spin-off and not to make the related amendments to its certificate of incorporation, notwithstanding the fact that Expedia may have received all necessary stockholder approvals with respect thereto. As further discussed below, the spin-off will not be implemented if the preferred stock merger is not consummated.

In addition to the reclassification amendment that would effect the spin-off, Expedia intends to implement amendments to its amended and restated certificate of incorporation that would effect a one-for-two reserve stock split of Expedia common stock and Expedia Class B common stock and pursuant to which Expedia would renounce any interest or expectancy in certain corporate opportunities.

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With respect to the reverse stock split, if Expedia s stockholders approve the reverse stock split proposal and the spin-off proposal and the Expedia Board of Directors proceeds with the spin-off, Expedia intends to effect the one-for-two reverse stock split immediately prior to the spin-off. Expedia will not complete the one-for-two reverse stock split unless the spin-off is to be effected but has reserved the right to implement the spin-off without effecting the reverse stock split. If approved and implemented, the principal effects of the reverse stock split would include the following, with cash being paid in lieu of issuing fractional shares: (i) immediately prior to effecting the spin-off, each two shares of Expedia common stock or Class B common stock owned by a stockholder will be combined into one new share of Expedia common stock or Class B common stock, respectively, (ii) after giving effect to the one-for-two reverse stock split, approximately half as many shares of Expedia common stock and Expedia Class B common stock will be outstanding as were outstanding immediately prior to the one-for-two reverse stock split and (iii) specified adjustments will be made with respect to Expedia s outstanding warrants and equity awards.

With respect to the corporate opportunity-related charter amendment that Expedia would implement in connection with the spin-off, provisions would be added to Expedia s amended and restated certificate of incorporation such that no officer or director of Expedia who is also an officer or director of TripAdvisor will be liable to Expedia or its stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to TripAdvisor instead of Expedia, or does not communicate information to Expedia regarding a corporate opportunity that the officer or director has directed to TripAdvisor (analogous and reciprocal provisions will be included in TripAdvisor s certificate of incorporation).

Expedia and TripAdvisor Securities to be Issued (page [ ])

In connection with the spin-off, Expedia will issue new shares of its capital stock and adjust the terms of its outstanding warrants to purchase shares of Expedia common stock, and TripAdvisor will issue new shares of its capital stock and new warrants to purchase shares of TripAdvisor common stock. Specifically:

Expedia common stock and TripAdvisor common stock: For every two shares of Expedia common stock that you own prior to the spin-off and the one-for-two reverse stock split, you will own one share of Expedia common stock and one share of TripAdvisor common stock immediately following the spin-off. Each share of Expedia common stock and TripAdvisor common stock that you own following the spin-off will be entitled to one vote per share. Holders will receive cash in lieu of any fractional shares of Expedia common stock resulting from the reverse stock split.

Expedia Class B common stock and TripAdvisor Class B common stock: For every two shares of Expedia Class B common stock that you own prior to the spin-off and the one-for-two reverse stock split, you will own one share of Expedia Class B common stock and one share of TripAdvisor Class B common stock immediately following the spin-off. Each share of Expedia Class B common stock and TripAdvisor Class B common stock following the spin-off will be entitled to ten votes per share. Holders will receive cash in lieu of any fractional shares of Expedia Class B common stock resulting from the reverse stock split.

Warrants to purchase Expedia common stock and TripAdvisor common stock: Expedia has outstanding a series of warrants that expire in May 2012. Following the TripAdvisor spin-off, Expedia s warrants will convert into adjusted warrants to purchase shares of Expedia common stock and new warrants to purchase shares of TripAdvisor common stock, each of which will mirror in all material respects the terms of the current warrants to purchase shares of Expedia common stock, as adjusted to reflect the spin-off and the one-for-two reverse stock split.

Preferred Stock Merger (page [ ])

It is a condition to the completion of the spin-off that the preferred stock merger, as further described below, be consummated prior to the spin-off. In this regard, Expedia is asking stockholders to adopt a merger agreement, as it may be amended from time to time, under which a wholly owned subsidiary of Expedia would merge with

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and into Expedia, and in connection with which each share of Expedia Series A Cumulative Convertible Preferred Stock, par value $0.001, will be converted into the right to receive an amount in cash equal to $22.23, plus an amount equal to accrued and unpaid dividends through the effective date of the merger. As there are currently only 751 shares of Series A preferred stock issued and remaining outstanding, Expedia expects the total consideration to be paid to holders of preferred stock in the merger to be approximately $17,000, assuming consummation of the merger at a time such that the amount equal to accrued and unpaid dividends through the merger effective time equaled zero. The purpose of implementing the merger is to simplify Expedia s capital structure in advance of the spin-off by converting each of these remaining outstanding shares of Series A preferred stock into the right to receive the merger consideration. The preferred stock merger would be effected before the reverse stock split described above, if such split is implemented, and before the spin-off. Expedia will not effect the spin-off or the reverse stock split if the preferred stock merger has not been consummated.

Risk Factors (page [ ])

The securities and businesses of Expedia and TripAdvisor are subject to various risks, including the following:

Risk Factors Relating to the Spin-Off

- TripAdvisor and Expedia may be unable to achieve some or all of the benefits that they expect to achieve through the spin-off.
- The synergies that Expedia achieves with all of its businesses under the same corporate structure will cease to exist with regard to the TripAdvisor businesses following the spin-off.
- After the spin-off, TripAdvisor may be unable to make the changes necessary to operate effectively as an independent public entity.
- TripAdvisor will incur increased costs relating to operating as an independent public company that could cause its cash flow and results of operations to decline.
- After the spin-off, conflicts of interest, or the appearance of conflicts of interest, may develop between Expedia and TripAdvisor, including with respect to the management and directors of Expedia, on the one hand, and the management and directors of TripAdvisor, on the other hand.
- If the spin-off, together with certain related transactions, were to fail to qualify as a transaction that is generally tax free for U.S. federal income tax purposes, Expedia, TripAdvisor and Expedia stockholders could be subject to significant tax liabilities.
- Certain transactions in Expedia or TripAdvisor equity securities could cause the spin-off to be taxable to Expedia and may give rise to indemnification obligations of TripAdvisor under the Tax Sharing Agreement.

Risk Factors Relating to Expedia Securities and TripAdvisor Securities

- The aggregate value of the Expedia and TripAdvisor securities that current holders of Expedia capital stock receive in the spin-off might be less than the value of the Expedia securities before the spin-off.
- The market price and trading volume of Expedia and/or TripAdvisor securities may be volatile and may face negative pressure.

After the spin-off, Expedia securities may be removed from investment indices and TripAdvisor securities may not qualify for those investment indices. In addition, Expedia securities and/or TripAdvisor securities may fail to meet the investment guidelines of institutional investors. In either case, these factors may negatively impact the price of Expedia securities and/or TripAdvisor securities and may impair Expedia s and/or TripAdvisor s ability to raise capital through the sale of securities.

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Please refer to the information contained under the captions Risk Factors and Special Note Regarding Forward-Looking Statements, as well as the other information included or incorporated by reference into this proxy statement/prospectus, for important information regarding these risks, risk factors relating to Expedia s and TripAdvisor s businesses following the spin-off, uncertainties and other factors that you should carefully consider.

Recommendation of the Special Committee (page [ ])

The Expedia Board of Directors established a Special Committee of independent and disinterested directors to review any arrangements proposed to be entered into in connection with the spin-off among the applicable company, on the one hand, and Mr. Diller and/or Liberty, on the other hand, (taking into account that certain arrangements which relate to the applicable company are as between Mr. Diller and Liberty solely) and any other terms of the spin-off that could involve potential conflicts of interest but not including the financial and any other terms of the spin-off to be decided by the full Expedia Board of Directors, and to make a recommendation to the Board as to whether to proceed with the spin-off with such proposed arrangements and/or other terms that could involve potential conflicts of interest. After completing its activities and deliberations, the Special Committee determined to recommend to the Board of Directors that it proceed with the spin-off of TripAdvisor with such proposed arrangements and/or other terms that could involve potential conflicts of interest, subject to the approval by the holders of a majority of the outstanding shares of Expedia common stock, other than shares owned or controlled by Expedia management (which include the shares owned or controlled by Liberty, over which Mr. Diller holds a proxy as of the record date).

Recommendation to Stockholders (page [ ])

The Expedia Board of Directors recommends that you vote FOR approval of the spin-off proposal and the other proposals being submitted to Expedia stockholders. Expedia s Board of Directors has carefully reviewed the terms of the spin-off and the related matters and has determined that the spin-off and the related matters are advisable and in the best interests of Expedia and its stockholders.

Interests of Officers and Directors in the Spin-Off (page [ ])

In considering the recommendation of the Expedia Board of Directors to vote in favor of the spin-off proposal, you should be aware that some of Expedia s directors and executive officers have interests in the spin-off that are in addition to or different from the interests of stockholders generally.

Material U.S. Federal Income Tax Consequences of the Spin-Off (page [ ])

It is a condition to the completion of the spin-off that Expedia obtain a private letter ruling from the Internal Revenue Service and an opinion of counsel or, alternatively, solely an opinion of counsel, in each case, satisfactory to Expedia s Board of Directors, regarding the qualification of the spin-off, together with certain related transactions, as a transaction that is generally tax free for federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended. In addition, in connection with the effectiveness of the registration statement of which this document is a part, Expedia has received a legal opinion from Wachtell, Lipton, Rosen & Katz to the same effect, and to the effect that, in general, for U.S. federal income tax purposes, no gain or loss will be recognized by you, and no amount will be includible in your income, upon the receipt of shares of TripAdvisor common stock pursuant to the spin-off, except with respect to any cash received in lieu of any fractional shares in connection with the one-for-two reverse stock split of Expedia common stock and Expedia Class B common stock. For more information regarding the Internal Revenue Service private letter ruling, the opinions of counsel, and the potential U.S. federal income tax consequences to Expedia and to you of the spin-off, see the section entitled Proposal 1 The Spin-Off Proposal Material U.S. Federal Income Tax Consequences of the Spin-Off.

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The tax consequences to you of the spin-off will depend on the facts of your situation. In addition, you may be subject to state, local, or foreign tax laws that this document does not address. Please consult your tax advisor for a full understanding of the tax consequences to you of the spin-off.

Regulatory Requirements (page [ ])

Expedia is not aware of any material governmental approvals or actions that are necessary for consummation of the spin-off, although Expedia expects to receive a private letter ruling from the Internal Revenue Service as discussed in Proposal 1 The Spin-Off Proposal Material U.S. Federal Income Tax Consequences of the Spin-Off.

Stock Market Listing of Expedia and TripAdvisor Securities (page [ ])

Expedia common stock currently trades on The Nasdaq Global Select Market under the ticker symbol EXPE and will continue to do so after the spin-off (as adjusted in connection with the spin-off and the one-for-two reverse stock split). The Expedia warrants (which will also be adjusted in connection with the spin-off and the reverse stock split) are not currently publicly listed, and Expedia has no plans to list them following the spin-off. TripAdvisor will apply to list TripAdvisor common stock on The Nasdaq Global Select Market and has reserved the ticker symbol TRIP. Trading in TripAdvisor common stock under this symbol is expected to begin on the first business day following the date that Expedia completes the spin-off. However, there can be no assurance that a viable and active trading market will develop. There is no plan to publicly list the new TripAdvisor warrants.

Governance Arrangements at Expedia and TripAdvisor After the Spin-Off (page [ ])

In connection with the spin-off, Expedia, Liberty Interactive Corporation and Mr. Diller intend to enter into an amended and restated governance agreement and Liberty Interactive Corporation and Mr. Diller intend to enter into an amended and restated stockholders agreement, each of which will take effect upon completion of the spin-off and replace the governance and stockholders agreements currently in effect. Similarly, TripAdvisor, Liberty Interactive Corporation and Mr. Diller intend to enter into a governance agreement and Liberty Interactive Corporation and Mr. Diller intend to enter into a stockholders agreement that will be come effective upon completion of the spin-off.

Spin-Off Related Financing Arrangements at Expedia and TripAdvisor (page [ ])

Expedia amended its existing revolving credit facility and the underlying credit agreement at the end of August 2011 to, among other things, extend the maturity date of the revolving credit facility, reduce the interest rate spread on drawn amounts thereunder, reduce the commitment fee on undrawn amounts thereunder and clarify that the spin-off is permitted under the revolving credit facility. In addition, the indenture (the 2016 Notes Indenture) governing Expedia s $400 million aggregate principal amount of outstanding 8.5% senior notes due 2016 (the 2016 Notes) contains certain covenants that could restrict implementation of the proposed spin-off. In light of such covenants, Expedia anticipates that it will redeem the 2016 Notes and, prior to consummation of the spin-off, the 2016 Notes Indenture will have been discharged or defeased. The redemption price will be equal to 100% of the principal amount of the outstanding 2016 Notes plus a make-whole premium as of, and accrued and unpaid interest to, the redemption date.

In connection with the spin-off, TripAdvisor and certain of its post spin-off subsidiaries expect to enter into a new credit agreement providing for a senior revolving credit facility with a borrowing capacity of $200 million and a term of five years as well as a five-year, $400 million senior term loan to TripAdvisor Holdings, LLC.

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Dividend Policy

- **Expedia**: While remaining at the discretion of Expedia s Board of Directors, Expedia anticipates continuing to pay quarterly cash dividends on Expedia common stock and Expedia Class B common stock in the immediate future.

- **TripAdvisor**: While remaining at the discretion of TripAdvisor s Board of Directors, TripAdvisor does not anticipate paying cash dividends on TripAdvisor common stock or TripAdvisor Class B common stock in the immediate future.

Relationship Between Expedia and TripAdvisor After the Spin-Off (page [ ])

Following the spin-off, Expedia and TripAdvisor will be independent, publicly owned companies. In connection with the spin-off, Expedia and TripAdvisor will enter into the following agreements:

- a separation agreement that sets forth the arrangements between Expedia and TripAdvisor with respect to the principal corporate transactions necessary to complete the spin-off, and a number of other principles governing the relationship between Expedia and TripAdvisor following the spin-off;

- a tax sharing agreement that will govern the respective rights, responsibilities and obligations of Expedia and TripAdvisor after the spin-off with respect to tax liabilities and benefits, tax attributes, tax contests and other matters regarding income taxes, other taxes and related tax returns;

- an employee matters agreement that will govern a wide range of compensation and benefit issues, including the allocation between Expedia and TripAdvisor of responsibility for the employment and benefit obligations and liabilities of each company s current and former employees (and their dependents and beneficiaries);

- a transition services agreement that will govern the provision of transition services from Expedia to TripAdvisor; and

- various commercial agreements between Expedia and/or its subsidiaries, on the one hand, and TripAdvisor and/or its subsidiaries, on the other hand.

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EXPEDIA: SUMMARY SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following information is only a summary, and you should read it together with the more detailed financial information for Expedia included elsewhere in, or incorporated by reference into, this document and the annexes hereto.

The following table presents selected consolidated financial data of Expedia as of and for each of the years in the five year period ended December 31, 2010, and as of June 30, 2011 and for the six-month periods ended June 30, 2011 and 2010. The selected consolidated financial data of Expedia as of December 31, 2010 and 2009 and for the three years ended December 31, 2010 were derived from the audited consolidated financial statements of Expedia, which are incorporated by reference into this proxy statement/prospectus. The selected consolidated financial data of Expedia as of December 31, 2008, 2007 and 2006 and for the years ended December 31, 2007 and 2006 were derived from the audited consolidated financial statements of Expedia, which are not incorporated by reference into this proxy statement/prospectus. The selected consolidated financial data of Expedia as of June 30, 2011 and for the six-month periods ended June 30, 2011 and 2010 were derived from the unaudited consolidated financial statements of Expedia, which are incorporated by reference into this proxy statement/prospectus. The unaudited financial statements were prepared on the same basis as the audited financial statements, and in the opinion of management include all adjustments, consisting of only ordinary recurring adjustments, necessary for a fair presentation of the information set forth in this proxy statement/prospectus. You should read the information in the following table in conjunction with the consolidated financial statements and accompanying notes and other financial data pertaining to Expedia included in, or incorporated by reference into, this proxy statement/prospectus.

	Year Ended December 31,					Six Months Ended June 30,	
	2010	2009	2008(1)	2007	2006	2011 (unaudited)	2010 (unaudited)
	(In thousands, except per share data)						
Consolidated Statement of Operations Data:							
Revenue	$ 3,348,109	$ 2,955,426	$ 2,937,013	$ 2,665,332	$ 2,237,586	$ 1,845,811	$ 1,551,879
Operating income (loss)	731,915	571,414	(2,428,953)	529,069	351,329	335,210	305,864
Net income (loss) attributable to Expedia, Inc.	421,500	299,526	(2,517,763)	295,864	244,934	192,432	173,657
Net income (loss) per share attributable to Expedia, Inc. available to common stockholders:							
Basic	$ 1.49	$ 1.04	$ (8.80)	$ 1.00	$ 0.72	$ 0.70	$ 0.61
Diluted	1.46	1.03	(8.80)	0.94	0.70	0.69	0.60
Shares used in computing income (loss) per share:							
Basic	282,465	288,214	286,167	296,640	338,047	273,725	286,333
Diluted	288,028	292,141	286,167	314,233	352,181	278,136	291,726
Dividends declared per common share	$ 0.28	$	$	$	$	$ 0.14	$ 0.14

	December 31,					June 30, 2011 (unaudited)
	2010	2009	2008	2007	2006	
	(In thousands)					
Consolidated Balance Sheet Data:						
Working deficit	$ (187,793)	$ (610,008)	$ (367,454)	$ (728,697)	$ (224,770)	$ (44,119)
Total assets	6,650,994	5,937,156	5,894,249	8,295,422	8,264,317	8,045,277
Long-term debt	1,644,894	895,086	1,544,548	1,085,000	500,000	1,645,237
Noncontrolling interest	64,159	67,045	63,910	70,004	65,260	133,773
Total stockholders equity	2,736,703	2,749,726	2,380,964	4,880,016	5,966,046	3,013,848

(1) The year ended December 31, 2008 includes an approximately $3 billion impairment charge related to goodwill, intangible and other long-lived assets.

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TRIPADVISOR: SUMMARY SELECTED COMBINED FINANCIAL INFORMATION

The following information is only a summary, and you should read it together with the more detailed financial information for TripAdvisor included elsewhere in this document and the annexes hereto.

The following table presents summary selected combined financial information of TripAdvisor Holdings, LLC as of and for each of the years in the five year period ended December 31, 2010, and as of June 30, 2011 and for the six-month periods ended June 30, 2011 and 2010. The selected combined financial data of TripAdvisor Holdings, LLC as of December 31, 2010 and 2009 and for the three years ended December 31, 2010, and as of June 30, 2011 and for the six-month periods ended June 30, 2011 and 2010, were derived from the combined financial statements of TripAdvisor Holdings, LLC included as Annex E to this proxy statement/prospectus. The selected combined financial data of TripAdvisor Holdings, LLC as of December 31, 2008, 2007 and 2006 and for the years ended December 31, 2007 and 2006 were derived from the unaudited combined financial statements of TripAdvisor Holdings, LLC that have not been included in this proxy statement/prospectus. The unaudited financial statements were prepared on the same basis as the audited financial statements, and in the opinion of management include all adjustments, consisting of only ordinary recurring adjustments, necessary for a fair presentation of the information set forth in this proxy statement/prospectus. You should read the information in the following table in conjunction with the combined financial statements and accompanying notes of TripAdvisor Holdings, LLC included in Annex E to this proxy statement/prospectus, as well as the disclosure set forth under the caption   Proposal 1   The Spin-Off Proposal   Information about TripAdvisor After the Spin-Off   Management   s Discussion and Analysis of Financial Condition and Results of Operations of TripAdvisor.

	Year Ended December 31,					Six Months Ended June 30,	
	2010	2009	2008	2007(1) (unaudited)	2006 (unaudited)	2011 (unaudited)	2010 (unaudited)
				(In thousands)			
Combined Statement of Operations Data:							
Revenue	$ 313,525	$ 212,375	$ 200,578	$ 125,211	$ 50,578	$ 205,321	$ 153,923
Related-party revenue from Expedia	171,110	139,714	97,668	77,180	55,141	113,143	85,068
Total revenue	484,635	352,089	298,246	202,391	105,719	318,464	238,991
Operating income	226,300	168,178	124,883	85,165	44,374	157,133	125,034
Net income attributable to TripAdvisor	138,776	102,427	72,371	52,050	28,160	101,342	77,435

	December 31,					June 30,
	2010	2009	2008	2007 (unaudited)	2006 (unaudited)	2011 (unaudited)
			(In thousands)			
Combined Balance Sheet Data:						
Working capital (deficit)	$ 34,112	$ (78,560)	$ (201,962)	$ (166,627)	$ 76,693	$ 137,276
Total assets	722,889	574,826	515,963	386,857	99,687	850,594
Invested equity	539,632	389,914	242,900	165,745	271,638	647,012

(1) Includes the results of Smarter Travel since its acquisition in February 2007.

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RISK FACTORS

You should carefully consider each of the following risks and uncertainties associated with Expedia and the ownership of Expedia securities and with TripAdvisor and the ownership of TripAdvisor securities. In addition, for more information about the companies after the spin-off, you should review the specific descriptions of each of Expedia s and TripAdvisor s businesses under Proposal 1 The Spin-Off Proposal Information about Expedia After the Spin-Off and Proposal 1 The Spin-Off Proposal Information about TripAdvisor After the Spin-Off.

Risk Factors Relating to the Spin-Off

TripAdvisor and Expedia may be unable to achieve some or all of the benefits that they expect to achieve through the spin-off.

The strategic, operating and financial benefits expected to result from the spin-off (some of which are generally described in this proxy statement/prospectus in the section entitled Proposal 1 The Spin-Off Proposal Background and Reasons for the Spin-Off) may be delayed or may never be realized at all. For instance, there can be no assurance that either Expedia or TripAdvisor will be able to attract transaction partners using their capital stock as acquisition currency or that the companies will be able to enhance the effectiveness of their respective employee compensation structures through better alignment with equity performance. Moreover, analysts and investors may not regard these new corporate structures of Expedia and TripAdvisor as more transparent than Expedia s current corporate structure.

The synergies that Expedia achieves with all of its businesses under the same corporate structure will cease to exist with regard to the TripAdvisor businesses following the spin-off.

Currently, Expedia s businesses share certain economies of scale in costs, human capital, vendor relationships and customer relationships with the businesses that TripAdvisor will own following the spin-off. While Expedia and TripAdvisor expect to enter into agreements that will govern their commercial and other relationships after the spin-off, those arrangements are not expected to fully capture the benefits the businesses currently enjoy as a result of common ownership prior to the spin-off. The loss of these benefits as a consequence of the spin-off could have an adverse effect on each of Expedia s and TripAdvisor s business, results of operations and financial condition following the spin-off.

After the spin-off, TripAdvisor may be unable to make the changes necessary to operate effectively as an independent public entity.

Following the spin-off, Expedia will have no obligation to provide financial, operational or organizational assistance to TripAdvisor, other than limited services pursuant to a transition services agreement that Expedia and TripAdvisor expect to enter into in connection with the spin-off. Among other things, as an independent entity, TripAdvisor will be subject to, and responsible for, regulatory compliance, including periodic public filings with the SEC and compliance with securities exchange listing requirements, as well as generally applicable tax and accounting rules. Without assistance from Expedia, TripAdvisor may not be able to implement the changes necessary to operate as an independent public entity successfully.

TripAdvisor will incur increased costs relating to operating as an independent public company that could cause its cash flow and results of operations to decline.

TripAdvisor expects that the obligations of being a public company, including substantial public reporting and investor relations obligations, will require new expenditures, place new demands on TripAdvisor s management and require the hiring of additional personnel. TripAdvisor will need to implement additional systems or transition to new systems that require new expenditures in order to function effectively as a public

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company. Such expenditures could adversely affect TripAdvisor s cash flow and results of operations. Moreover, there can be no assurance that TripAdvisor s implementation of additional systems or transition to new systems will be successful, or that such implementation or transition will not present unforeseen costs or demands on TripAdvisor s management.

After the spin-off, conflicts of interest, or the appearance of conflicts of interest, may develop between the management and directors of Expedia, on the one hand, and the management and directors of TripAdvisor, on the other hand.

After the spin-off, the management and directors of Expedia and TripAdvisor may own both Expedia capital stock and TripAdvisor capital stock. This ownership overlap could create, or appear to create, potential conflicts of interest when Expedia s and TripAdvisor s directors and executive officers face decisions that could have different implications for Expedia and TripAdvisor. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between Expedia and TripAdvisor regarding terms of the agreements governing the spin-off and the relationship between Expedia and TripAdvisor thereafter, including the separation agreement, the employee matters agreement, the tax sharing agreement, the transition services agreement or any commercial agreements between the parties or their affiliates. Potential conflicts of interest could also arise if Expedia and TripAdvisor enter into commercial arrangements in the future.

In addition, Mr. Diller will serve as Chairman of the Board of Directors of TripAdvisor and its Senior Executive, while retaining his role as Chairman and Senior Executive of Expedia; Mr. Khosrowshahi will serve as a director of TripAdvisor while retaining his role as President, Chief Executive Officer and director of Expedia; and Mr. Kaufman will serve as a director of TripAdvisor while retaining his role as Vice Chairman and director of Expedia. The fact that Messrs. Diller, Khosrowshahi and Kaufman hold positions with both Expedia and TripAdvisor could create, or appear to create, potential conflicts of interest for each of Messrs. Diller, Khosrowshahi and Kaufman when he faces decisions that may affect both Expedia and TripAdvisor. Each of Messrs. Diller, Khosrowshahi and Kaufman may also face conflicts of interest with regard to the allocation of his time between Expedia and TripAdvisor. Involvement with entities other than Expedia or TripAdvisor could also create potential conflicts; for example, Messrs. Diller and Kaufman hold significant positions at IAC/InterActiveCorp.

In connection with its 2005 spin-off from IAC/InterActiveCorp, Expedia adopted corporate opportunity provisions in its amended and restated certificate of incorporation that generally provide that no officer or director of Expedia who is also an officer or director of IAC will be liable to Expedia or its stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to IAC instead of Expedia, or does not communicate information to Expedia regarding a corporate opportunity that the officer or director has directed to IAC. Such provisions will remain in effect following the spin-off. At the time of the spin-off, TripAdvisor will have a similar provision in its certificate of incorporation with respect to officers or directors of TripAdvisor who are also officers or directors of Expedia (or IAC). In addition, if the corporate opportunity proposal described elsewhere in this proxy statement/prospectus is approved, Expedia s amended and restated certificate of incorporation will be reciprocally and similarly amended such that Expedia would renounce any interest or expectancy in certain corporate opportunities, which generally will have the effect that no officer or director of Expedia who is also an officer or director of TripAdvisor will be liable to Expedia or its stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to TripAdvisor instead of Expedia, or does not communicate information to Expedia regarding a corporate opportunity that the officer or director has directed to TripAdvisor. The corporate opportunity provisions may have the effect of exacerbating the risk of conflicts of interest between Expedia and TripAdvisor because the provisions effectively shield an overlapping director/executive officer from liability for breach of fiduciary duty in the event that such director or officer chooses to direct a corporate opportunity to TripAdvisor instead of to Expedia or vice versa.

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If the spin-off, together with certain related transactions, were to fail to qualify as a transaction that is generally tax free for U.S. federal income tax purposes, Expedia, TripAdvisor and Expedia stockholders could be subject to significant tax liabilities.

It is a condition to the completion of the spin-off that Expedia obtain a private letter ruling from the Internal Revenue Service (the IRS) along with an opinion of counsel, or alternatively, solely an opinion of counsel, in each case, satisfactory to the Expedia Board of Directors regarding the qualification of the spin-off, together with certain related transactions, as a transaction that is generally tax free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the Code). The IRS private letter ruling, if received, and the opinion of counsel will be based on, among other things, certain facts, assumptions as well as the accuracy of certain representations, statements and undertakings that Expedia and TripAdvisor make to the IRS and to counsel. If any of these representations, statements or undertakings are, or become, inaccurate or incomplete, or if Expedia or TripAdvisor breach any of their respective covenants, the IRS private letter ruling, if received, and the opinions of counsel may be invalid.

Moreover, the IRS private letter ruling, if received, will not address all the issues that are relevant to determining whether the spin-off qualifies as a transaction that is generally tax free for U.S. federal income tax purposes. Notwithstanding the IRS private letter ruling and/or the opinion of counsel, the IRS could determine that the spin-off should be treated as a taxable transaction if it determines that any of the representations, assumptions or undertakings that were included in the request for the IRS private letter ruling or on which the opinion of counsel was based is false or has been violated or if it disagrees with the conclusions in the opinion of counsel that are not covered by any IRS ruling.

If the spin-off were to fail to qualify as a transaction that is generally tax free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, then Expedia generally would recognize a gain in an amount equal to the excess of (i) the fair market value of the TripAdvisor common stock distributed to the Expedia stockholders in the spin-off over (ii) Expedia s tax basis in the common stock of TripAdvisor. In addition, each Expedia stockholder who received TripAdvisor common stock in the spin-off generally would be treated as having received a taxable distribution in an amount equal to the fair market value of the TripAdvisor common stock received in the spin-off, which would be taxable as a dividend to the extent of the stockholder s ratable share of Expedia s current and accumulated earnings and profits (as increased to reflect any current income, including any gain, recognized by Expedia on the taxable spin-off). The balance, if any, of the distribution would be treated as a nontaxable return of capital to the extent of the Expedia stockholder s tax basis in its Expedia stock, with any remaining amount being taxed as capital gain. For more information, see the section entitled Proposal 1 The Spin-Off Proposal Material U.S. Federal Income Tax Consequences of the Spin-Off included elsewhere in this proxy statement/prospectus.

Under the Tax Sharing Agreement between Expedia and TripAdvisor, TripAdvisor generally would be required to indemnify Expedia for any taxes resulting from the spin-off (and any related interest, penalties, legal and professional fees, and all costs and damages associated with related stockholder litigation or controversies) to the extent such amounts resulted from (i) any act or failure to act by TripAdvisor described in the covenants in the Tax Sharing Agreement, (ii) any acquisition of equity securities or assets of TripAdvisor or a member of its group, or (iii) any failure of the representations with respect to TripAdvisor or any member of its group to be true or any breach by TripAdvisor or any member of its group of any covenant, in each case, which is contained in the separation documents or in the documents relating to the IRS private letter ruling and/or the opinion of counsel. The ability of Expedia to collect under these indemnity provisions will depend on the financial position of TripAdvisor. For more information, see section entitled Proposal 1 The Spin-Off Proposal Relationship Between Expedia and TripAdvisor After the Spin-Off Tax Sharing Agreement.

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Certain transactions in Expedia or TripAdvisor equity securities could cause the spin-off to be taxable to Expedia and may give rise to indemnification obligations of TripAdvisor under the Tax Sharing Agreement.

Expedia s and TripAdvisor s ability to engage in significant stock transactions could be limited or restricted after the spin-off in order to preserve the tax free nature of the spin-off to Expedia. Current U.S. federal income tax law creates a presumption that the spin-off of TripAdvisor would be taxable to Expedia, but not to its stockholders, if such spin-off is part of a plan or series of related transactions pursuant to which one or more persons acquire directly or indirectly stock representing a 50% or greater interest (by vote or value) in Expedia or TripAdvisor. Acquisitions that occur during the four-year period that begins two years before the date of the spin-off are presumed to occur pursuant to a plan or series of related transactions, unless it is established that the acquisition is not pursuant to a plan or series of transactions that includes the spin-off. U.S. Treasury regulations currently in effect generally provide that whether an acquisition and a spin-off are part of a plan is determined based on all of the facts and circumstances, including, but not limited to, specific factors described in the Treasury regulations. In addition, the Treasury regulations provide several safe harbors for acquisitions that are not considered to be part of a plan or series of related transactions.

These rules will limit the ability of Expedia and TripAdvisor during the two-year period following the spin-off to enter into certain transactions that might be advantageous to them and their respective stockholders, particularly issuing equity securities to satisfy financing needs, repurchasing equity securities, and, under certain limited circumstances, acquiring businesses or assets with equity securities or agreeing to be acquired.

Under the Tax Sharing Agreement, there are restrictions on TripAdvisor s ability to take such actions that could cause the spin-off to fail to qualify as a tax free transaction for a period of 25 months from the day after the spin-off. Moreover, the Tax Sharing Agreement generally provides that TripAdvisor will have to indemnify Expedia for any taxes resulting from the spin-off (and any related interest, penalties, legal and professional fees, and all costs and damages associated with related stockholder litigation or controversies) to the extent such amounts result from (i) any act or failure to act by TripAdvisor described in the covenants in the Tax Sharing Agreement, (ii) any acquisition of equity securities or assets of TripAdvisor or a member of its group, and (iii) any failure of the representations with respect to TripAdvisor or any member of its group to be true or any breach by TripAdvisor or any member of its group of any covenant, in each case, contained in the separation documents or in the documents relating to the IRS private letter ruling and/or the opinion of counsel. For more information, see section entitled Proposal 1 The Spin-Off Proposal Relationship Between Expedia and TripAdvisor After the Spin-Off Tax Sharing Agreement.

In addition to actions of Expedia and TripAdvisor, certain transactions that are outside their control and therefore not subject to the restrictive covenants contained in the Tax Sharing Agreement, such as a sale or disposition of the stock of Expedia or the stock of TripAdvisor by certain persons that own five percent or more of any class of stock of Expedia or TripAdvisor, could have a similar effect on the tax free status of the spin-off as transactions to which Expedia or TripAdvisor is a party. As of September 6, 2011, Liberty Interactive Corporation and certain of its affiliates, in the aggregate, owned Expedia stock representing approximately 60% by vote and 25% by value and, assuming no acquisitions or dispositions of Expedia stock by Liberty Interactive Corporation or its affiliates between such date and the date of the spin-off, are expected to own stock of TripAdvisor representing approximately 60% by vote and 25% by value. Accordingly, in evaluating the ability of Expedia and TripAdvisor to engage in certain transactions involving equity securities of Expedia or TripAdvisor, it is possible that Expedia and TripAdvisor will need to take into account the activities of Liberty Interactive Corporation and its affiliates.

As a result of these rules, even if the spin-off otherwise qualifies as a transaction that is generally tax free for U.S. federal income tax purposes, transactions involving equity securities of Expedia or TripAdvisor (including transactions by certain significant stockholders) could cause Expedia to recognize taxable gain with respect to the spin-off as described above. Although the restrictive covenants and indemnification provisions contained in the Tax Sharing Agreement are intended to minimize the likelihood that such an event will occur, there can be no assurance that the spin-off will not become taxable to Expedia as a result of transactions in Expedia or TripAdvisor equity securities.

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Risk Factors Relating to Expedia Securities and TripAdvisor Securities

The aggregate value of the Expedia and TripAdvisor securities that current holders of Expedia capital stock receive in the spin-off might be less than the value of the Expedia securities before the spin-off.

If Expedia completes the spin-off as currently contemplated, holders of Expedia capital stock prior to the spin-off will hold a combination of Expedia capital stock and TripAdvisor capital stock following the spin-off. Any number of matters, including the risks described herein, may adversely impact the value of Expedia and TripAdvisor securities after the completion of the spin-off. Some of these matters may or may not have been identified by Expedia or TripAdvisor prior to the completion of the spin-off, and, in any event, may not be within Expedia s or TripAdvisor s control. Should any adverse circumstances, facts, changes or effects come to pass, the aggregate value of the Expedia and TripAdvisor securities could be less than the value of Expedia securities before the spin-off.

The market price and trading volume of Expedia and/or TripAdvisor securities may be volatile and may face negative pressure.

The businesses that TripAdvisor will own after the spin-off currently have a significant impact on Expedia s financial condition and results of operations. For example, much of the growth in Expedia s revenue in recent periods has been due to revenue growth in the TripAdvisor businesses and, accordingly, Expedia s growth rate may suffer as a result of the spin-off. Investors may therefore choose not to invest in Expedia securities and investors that own Expedia securities because of its TripAdvisor businesses may dispose of some or all of their Expedia securities after the spin-off.

Because Expedia currently owns TripAdvisor and the businesses that TripAdvisor will operate following the spin-off, there is currently no trading market for TripAdvisor s securities. Investors may decide to dispose of some or all of the TripAdvisor securities that they receive in the spin-off. The TripAdvisor securities issued in the spin-off will be trading publicly for the first time. Until, and possibly even after, orderly trading markets develop for these securities, there may be significant fluctuations in price. In addition, there can be no assurance that the market analysts currently covering Expedia will undertake research coverage of TripAdvisor, possibly negatively impacting market perception, understanding or valuation of the new company.

Expedia cannot accurately predict how investors in Expedia and/or TripAdvisor securities will behave after the spin-off. The market price for Expedia and/or TripAdvisor securities following the spin-off may be more volatile than the market price of Expedia securities before the spin-off. The market price of Expedia and TripAdvisor securities could fluctuate significantly for many reasons, including the risks identified in this proxy statement/prospectus or reasons unrelated to each company s performance. These factors may result in short- or long-term negative pressure on the value of Expedia and TripAdvisor securities.

After the spin-off, Expedia securities may be removed from investment indices and TripAdvisor securities may not qualify for those investment indices. In addition, Expedia securities and/or TripAdvisor securities may fail to meet the investment guidelines of institutional investors. In either case, these factors may negatively impact the price of Expedia securities and/or TripAdvisor securities and may impair Expedia s and/or TripAdvisor s ability to raise capital through the sale of securities.

Some of the holders of Expedia securities are index funds tied to the S&P 500, NASDAQ 100 or other stock or investment indices, or are institutional investors bound by various investment guidelines. Companies are generally selected for investment indices, and in some cases selected by institutional investors, based on factors such as market capitalization, industry, trading liquidity and financial condition. The spin-off is expected to reduce Expedia s market capitalization. As a result, one or more investment indices may remove Expedia securities from their indices and/or TripAdvisor securities may not qualify for those investment indices. In addition, Expedia and/or TripAdvisor securities that are received in the spin-off may not meet the investment guidelines of some institutional investors. Consequently, these index funds and institutional investors may sell some or all of the securities they receive in the spin-off, and the prices of Expedia and/or TripAdvisor securities may fall as a result. Any such decline could impair the ability of Expedia or TripAdvisor to raise capital through future sales of securities.

Risk Factors Relating to Expedia s and TripAdvisor s Businesses Following the Spin-Off

After the spin-off, both Expedia and TripAdvisor will own and operate interactive travel businesses and are, therefore, subject to many of the same or similar business risks that this proxy statement/prospectus describes below. You should carefully consider these risks with the understanding that any particular risk factor may affect one or both of the companies. In addition, each company will have unique risk factors associated with its business, which are discussed in separate sections below. You should carefully consider these risks as well. For more information regarding each company s business see Proposal 1 The Spin-Off Proposal Information about Expedia After the Spin-Off and Proposal 1 The Spin-Off Proposal Information about TripAdvisor After the Spin-Off.

Expedia and TripAdvisor s businesses could be negatively affected by changes in search engine algorithms and dynamics, or search engine disintermediation.

Each of Expedia and TripAdvisor increasingly utilizes internet search engines such as Google, including through the purchase of travel-related keywords, to generate traffic to its websites. TripAdvisor, in particular, obtains a significant amount of traffic via search engines and, therefore, utilizes techniques such as search engine optimization and search engine marketing to improve its placement in relevant search queries. Search engines, including Google, frequently update and change the logic that determines the placement and display of results of a user s search, such that the purchased or algorithmic placement of links to Expedia or TripAdvisor websites can be negatively affected. Moreover, a search engine could, for competitive or other purposes, alter its search algorithms or results causing a website to place lower in search query results. If a major search engine changes its algorithms in a manner that negatively affects the search engine ranking, paid or unpaid, of Expedia or TripAdvisor websites or websites of their respective third-party distribution partners, or if competitive dynamics impact the costs or effectiveness of search engine optimization or search engine marketing in a negative manner, Expedia s and/or TripAdvisor s business and financial performance would be adversely affected, potentially to a material extent.

In addition, to the extent Google, Bing or other leading search or meta-search engines that have a significant presence in TripAdvisor s or Expedia s key markets disintermediate online travel agencies or travel content providers by offering comprehensive travel planning or shopping capabilities, or refer those leads to suppliers directly, or to other favored partners, there could be a material adverse impact on TripAdvisor s or Expedia s businesses and financial performance. For example, during 2011 Google completed its acquisition of flight search technology company ITA Software and separately made changes to its hotel search results, including both expanding and promoting the use of Google Places. To the extent these actions have a negative effect on TripAdvisor s or Expedia s search traffic, their business and financial performance could be adversely affected.

Declines or disruptions in the travel industry could adversely affect Expedia s and TripAdvisor s businesses and financial performance.

The businesses and financial performance of Expedia and TripAdvisor are affected by the health of the worldwide travel industry. Travel expenditures are sensitive to personal and business discretionary spending levels and tend to decline or grow more slowly during economic downturns. Decreased travel expenditures could reduce the demand for Expedia s and/or TripAdvisor s services, thereby causing a reduction in revenue.

Beginning in 2008, domestic and global economic conditions deteriorated rapidly, resulting in increased unemployment and a reduction in available budgets for both business and leisure travelers, which slowed spending on the services that Expedia and TripAdvisor provide. Further economic weakness and uncertainty may

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result in significantly decreased spending on Expedia s services by both business and leisure travelers. For TripAdvisor, further weakness in the global economy could create uncertainty for travelers and suppliers, and result in reduced spending by advertisers. These conditions could have a material adverse impact on Expedia s or TripAdvisor s business and financial performance.

Expedia s business is also sensitive to fluctuations in hotel occupancy and average daily rates, decreases in airline capacity or periodically rising airline ticket prices, all of which Expedia has recently experienced. Events specific to the air travel industry that could negatively affect Expedia s business also include fare increases, continued carrier consolidation, reduced access to discount airfares or seat capacity, travel-related strikes or labor unrest, bankruptcies or liquidations and increases in fuel prices. Additionally, Expedia s business is sensitive to safety concerns, and thus Expedia s business has in the past and may in the future decline after incidents of actual or threatened terrorism, during periods of political instability or geopolitical conflict in which travelers become concerned about safety issues, as a result of natural disasters or events such as severe weather conditions, volcanic eruptions, hurricanes or earthquakes or when travel might involve health-related risks, such as the H1N1 and avian flu outbreaks. Such concerns could result in a protracted decrease in demand for Expedia s travel services. This decrease in demand, depending on its scope and duration, together with any future issues affecting travel safety, could significantly and adversely affect Expedia s business, working capital and financial performance over the short and long-term. In addition, the disruption of the existing travel plans of a significant number of travelers upon the occurrence of certain events, such as severe weather conditions, actual or threatened terrorist activity or war, could result in the incurrence of significant additional costs and constrained liquidity if Expedia, as it has done recently in the case of severe weather conditions, provides relief to affected travelers by refunding the price or fees associated with airline tickets, hotel reservations and other travel products and services.

Expedia and TripAdvisor rely on the value of their brands, and the costs of maintaining and enhancing brand awareness are increasing.

Each of Expedia and TripAdvisor invests in its respective brands in order to retain and expand its customer base and each of them expects these investments to continue, or even increase, as a result of a variety of factors, including increased spending from competitors, the increasing costs of supporting multiple brands, expansion into geographies and products where Expedia s and TripAdvisor s brands are less well known, inflation in media pricing including search engine keywords and the continued emergence and relative traffic share growth of search engines and metasearch engines as destination sites for travelers. Each of Expedia and TripAdvisor expects to continue to invest in, and devote resources to, advertising and marketing, as well as other brand building efforts to preserve and enhance consumer awareness of the company s respective brands. Such efforts may not maintain or enhance consumer awareness of their respective brands, and, even if Expedia and TripAdvisor are successful in their respective branding efforts, such efforts may not be cost-effective, or as efficient as they have been historically. If Expedia and TripAdvisor are unable to maintain or enhance consumer awareness of their respective brands and to generate demand in a cost-effective manner, it would have a material adverse effect on their respective businesses and financial performance.

Expedia and TripAdvisor rely on information technology to operate their respective businesses and maintain competitiveness, and any failure to adapt to technological developments or industry trends could harm their respective businesses.

Expedia and TripAdvisor depend on the use of sophisticated information technologies and systems. As their respective operations grow in size and scope, both Expedia and TripAdvisor must continuously improve and upgrade their systems and infrastructure while maintaining or improving the reliability and integrity of their systems and infrastructure. Future success of each of Expedia and TripAdvisor also depends on their ability to adapt their respective services and infrastructure to meet rapidly evolving consumer trends and demands while continuing to improve the performance, features and reliability of Expedia s and TripAdvisor s services in response to competitive service and product offerings. The emergence of alternative platforms such as mobile

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and tablet computing devices and the emergence of niche competitors who may be able to optimize products, services or strategies for such platforms will require new investment in technology. New developments in other areas, such as cloud computing, could also make it easier for competition to enter their markets due to lower up-front technology costs. In addition, Expedia and TripAdvisor may not be able to maintain their existing systems or replace or introduce new technologies and systems as quickly as they would like or in a cost-effective manner.

Expedia s and TripAdvisor s international operations involve additional risks and their exposure to these risks will increase as Expedia s and TripAdvisor s respective businesses expand globally.

Each of Expedia and TripAdvisor operates in a number of jurisdictions outside of the United States and intends to continue to expand its international presence. To achieve widespread acceptance in new countries and markets, Expedia and TripAdvisor must continue to tailor their respective services and business models to the unique circumstances of such countries and markets, which can be difficult, costly and divert management and personnel resources. Failure to adapt practices and models effectively to each country into which either Expedia or TripAdvisor expands could slow their respective international growth.

Each of Expedia and TripAdvisor has businesses operating in China, which create particular risks and uncertainties relating to the laws in China. Expedia operates in China primarily through eLong, Inc., an online transactional travel business; and TripAdvisor operates in China under the brands daodao.com and kuxun.cn. The success of these businesses, and of any future investments in China, is subject to risks and uncertainties regarding the application, development and interpretation of China s laws and regulations.

The laws and regulations of China restrict foreign investment in areas including air-ticketing and travel agency services, internet content provision, mobile communication and related businesses. Although each of Expedia and TripAdvisor has established effective control of its respective Chinese businesses through a series of agreements, future developments in the interpretation or enforcement of Chinese laws and regulations or a dispute relating to these agreements could restrict Expedia s and/or TripAdvisor s ability to operate or restructure these businesses or to engage in strategic transactions.

Other risks faced by both Expedia and TripAdvisor as a result of their international operations, including their operations in China, include:

- Political instability;
- Threatened or actual acts of terrorism;
- Regulatory requirements, including the Foreign Corrupt Practices Act and newly enacted U.K. Bribery Act, data privacy requirements, labor laws and anti-competition regulations;
- Ability to comply with additional U.S. laws applicable to U.S. companies operating internationally as well as local laws and regulations;
- Diminished ability to legally enforce contractual rights;
- Increased risk and limits on enforceability of intellectual property rights;
- Possible preferences by local populations for local providers;
- Restrictions on, or adverse consequences related to, the withdrawal of non-U.S. investment and earnings;

Currency exchange restrictions, particularly conversion of the U.S. dollar into Chinese renminbi;

Restrictions on repatriation of cash as well as restrictions on investments in operations in certain countries;

Exchange rate fluctuations and the risks and costs inherent in hedging such exposures;

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Financial risk arising from transactions in multiple currencies;

Slower adoption of the internet as an advertising, broadcast and commerce medium in certain of those markets as compared to the United States;

Difficulties in managing staffing and operations due to distance, time zones, language and cultural differences; and

Uncertainty regarding liability for services and content, including uncertainty as a result of local laws and lack of precedent.

Following the spin-off, each of Expedia and TripAdvisor will depend on its respective key personnel.

Following the spin-off, the future success of each of Expedia and TripAdvisor will depend upon the continued contributions of its respective senior corporate management. In particular, the contributions of Barry Diller, the Chairman and Senior Executive of Expedia and the Chairman and Senior Executive of TripAdvisor, Dara Khosrowshahi, the President, Chief Executive Officer and a director of Expedia and a director of TripAdvisor, and Stephen Kaufer, the President, Chief Executive Officer and a director of TripAdvisor, are critical to the overall management of the respective companies. Each of Expedia s and TripAdvisor s future successes will depend on the performance of their respective senior management and key employees. Expedia and TripAdvisor cannot ensure that they will be able to retain the services of these key personnel or any other member of their respective senior management or key employees, the loss of whom could seriously harm their respective businesses. Neither company maintains any key person life insurance policies.

In addition, competition remains intense for well-qualified employees in certain aspects of Expedia s and TripAdvisor s businesses, including software engineers, developers, product management and development personnel, and other technology professionals.

The continued ability of both Expedia and TripAdvisor to compete effectively depends on their ability to attract new employees and to retain and motivate existing employees. If Expedia and TripAdvisor do not succeed in attracting well-qualified employees or retaining or motivating existing employees, the Expedia and TripAdvisor businesses would be adversely affected.

Changing laws, rules and regulations and legal uncertainties may adversely affect Expedia s and TripAdvisor s respective businesses or financial performance.

Expedia s and TripAdvisor s respective businesses and financial performance could be adversely affected by unfavorable changes in or interpretations of existing laws, rules and regulations or the promulgation of new laws, rules and regulations applicable to Expedia or TripAdvisor and their businesses, including those relating to the internet and online commerce, internet advertising, consumer protection and privacy. Unfavorable changes could decrease demand for products and services, limit marketing methods and capabilities, increase costs and/or subject Expedia or TripAdvisor to additional liabilities.

For example, there is, and will likely continue to be, an increasing number of laws and regulations pertaining to the internet and online commerce that may relate to liability for information retrieved from or transmitted over the internet, online editorial and user-generated content, user privacy, behavioral targeting and online advertising, taxation, liability for third-party activities and the quality of products and services. TripAdvisor s current business partner arrangements with third parties, including Facebook, could be negatively impacted to the extent that more restrictive privacy laws or regulations are enacted, particularly in the United States or European Union. In addition, enforcement authorities in the United States continue to rely on their authority under existing consumer protection laws to take action against companies relating to data privacy and security practices. The growth and development of online commerce may prompt calls for more stringent consumer protection laws and more aggressive enforcement efforts, which may impose additional burdens on online businesses generally. In addition, for Expedia, the promulgation of new laws, rules and regulations that restrict or otherwise unfavorably impact the ability or manner in which Expedia provides primary ticketing and

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ticket resale services would require Expedia to change certain aspects of its business, operations and client relationships to ensure compliance, which could decrease demand for services, reduce revenues, increase costs and/or subject the company to additional liabilities.

Mr. Diller currently controls Expedia and is expected to control TripAdvisor. If Mr. Diller ceases to control Expedia and/or TripAdvisor, Liberty Interactive Corporation may effectively control the company that Mr. Diller ceases to control.

Following the spin-off, subject to the terms of stockholders agreements relating separately to each of Expedia and TripAdvisor, Mr. Diller will effectively control the outcome of all matters submitted to a vote or for the consent of each company s stockholders (other than with respect to the election by the holders of each company s common stock of 25% of the members of that company s Board of Directors and matters as to which Delaware law requires separate class votes). Upon Mr. Diller ceasing to serve in his capacity as Chairman of Expedia or TripAdvisor, as the case may be, or his becoming disabled, Liberty Interactive Corporation may effectively control the voting power of the capital stock of the company from which Mr. Diller departs due to ceasing to serve as Chairman or as a result of becoming disabled through its ownership of common shares of each of Expedia and TripAdvisor.

The effective tax rates of Expedia and TripAdvisor are impacted by a number of factors that could have a material impact on their respective financial results and could increase the volatility of those results.

Due to the global nature of Expedia s and TripAdvisor s businesses, each earns an increasing portion of its income, and accumulates a greater portion of cash flow, in foreign jurisdictions. Any repatriation of funds currently held in foreign jurisdictions may result in higher effective tax rates and incremental cash tax payments. In addition, there have been proposals to amend U.S. tax laws that would significantly impact the manner in which U.S. companies are taxed on foreign earnings. Although the companies cannot predict whether or in what form any legislation will pass, if enacted, it could have a material adverse impact on Expedia s and/or TripAdvisor s U.S. tax expense and cash flows.

Expedia and TripAdvisor cannot be sure that their respective intellectual property is protected from copying or use by others, including potential competitors.

Expedia and TripAdvisor websites rely on content, brands and technology, much of which is proprietary. Expedia and TripAdvisor each protect their proprietary content, brands and technology by relying on a combination of trademarks, copyrights, trade secrets, patents and confidentiality agreements. In connection with Expedia s and TripAdvisor s license agreements with third parties, each seeks to control access to, and the use and distribution of, proprietary technology, content and brands. Even with these precautions, it may be possible for another party to copy or otherwise obtain and use Expedia s or TripAdvisor s proprietary technology, content or brands without authorization or to develop similar technology, content or brands independently. Effective trademark, copyright, patent and trade secret protection may not be available in every jurisdiction in which Expedia s or TripAdvisor s services are made available, and policing unauthorized use of Expedia s and TripAdvisor s proprietary technology, content and brands is difficult and expensive. Therefore, in certain jurisdictions, each company may be unable to protect its proprietary technology, content and brands adequately against unauthorized third-party copying or use, which could adversely affect each company s business or ability to compete. Neither Expedia nor TripAdvisor can be sure that the steps they have taken will prevent misappropriation or infringement of proprietary technology, content or brands. Any misappropriation or violation of Expedia s or TripAdvisor s rights could have a material adverse effect on Expedia s or TripAdvisor s business. Furthermore, Expedia and TripAdvisor may need to go to court or other tribunals to enforce their respective intellectual property rights, to protect their trade secrets or to determine the validity and scope of the proprietary rights of others. These proceedings might result in substantial costs and diversion of resources and management attention. The failure by Expedia or TripAdvisor to protect their intellectual property in a cost-effective or effective manner could have a material adverse effect on its respective business and ability to protect its respective technology, content and brands.

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Expedia and TripAdvisor currently license from third parties and from each other some of the technologies, content and brands incorporated into their respective websites. As Expedia and TripAdvisor continue to introduce new services that incorporate new technologies, content and brands, each may be required to license additional technology, content or brands. Expedia and TripAdvisor cannot be sure that such technology, content and brand licenses will be available on commercially reasonable terms, if at all.

Both Expedia and TripAdvisor are subject to foreign exchange risk.

Expedia and TripAdvisor conduct a significant and growing portion of their businesses outside the United States. As a result, both companies face exposure to movements in currency exchange rates, particularly those related to the euro, British pound sterling, Canadian dollar, Australian dollar and Chinese renminbi.

These exposures include but are not limited to re-measurement gains and losses from changes in the value of foreign denominated assets and liabilities; translation gains and losses on foreign subsidiary financial results that are translated into U.S. dollars upon consolidation; and planning risk related to changes in exchange rates between the time the companies prepare their annual and quarterly forecasts and when actual results occur.

Depending on the size of the exposures and the relative movements of exchange rates, if Expedia or TripAdvisor were to choose not to hedge or were to fail to hedge effectively its respective exposure, that company could experience a material adverse effect on its financial statements and financial condition. As seen in some recent periods, in the event of severe volatility in exchange rates the impact of these exposures can increase, and the impact on results of operations can be more pronounced. In addition, the current environment and the increasingly global nature of Expedia s and TripAdvisor s businesses have made hedging these exposures both more complex and costly. Expedia has increased and plans to continue increasing the scope, complexity and duration of its foreign exchange risk management, including the use of forward contracts to hedge a portion of its exposures. Expedia makes a number of estimates in conducting hedging activities including in some cases the level of future bookings, cancellations, refunds, customer stay patterns and payments in foreign currencies. In the event those estimates differ significantly from actual results, Expedia could experience greater volatility as a result of its hedging activities. Historically, TripAdvisor has not hedged translation risks as cash flows from its international operations were generally reinvested locally. TripAdvisor does not expect, in the near term, to hedge its exposure to changes in foreign currency exchange rates, and therefore could incur unanticipated translation gains and losses.

System interruption and the lack of redundancy in both Expedia s and TripAdvisor s information systems may harm their businesses.

Expedia relies on computer systems to facilitate and process transactions; TripAdvisor relies on computer systems to deliver content and services. Both companies have experienced and may in the future experience system interruptions that make some or all of these systems unavailable or prevent the companies from efficiently fulfilling orders or providing content and services to users and third parties. Significant interruptions, outages or delays in internal systems, or systems of third parties that Expedia or TripAdvisor rely upon including multiple co-location providers for data centers and network access, or deterioration in the performance of any such systems, would impair the ability of Expedia and TripAdvisor to process transactions or display content and decrease the quality of the services they offer to travelers and users. These interruptions could include security intrusions and attacks on the companies systems for fraud or service interruption (called denial of service or bot attacks). If either Expedia or TripAdvisor were to experience frequent or persistent system failures, its respective businesses, reputations and brands could be harmed.

In addition, both companies lack backup systems or contingency plans for certain critical aspects of their operations or business processes. Many other systems are not fully redundant and their disaster recovery or business continuity planning may not be sufficient. Fire, flood, power loss, telecommunications failure, break-ins, earthquakes, acts of war or terrorism, acts of God, computer viruses, electronic intrusion attempts from both external and internal sources and similar events or disruptions may damage or impact or interrupt computer or

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communications systems or business processes at any time. Although each company has put measures in place to protect certain portions of its facilities and assets, any of these events could cause system interruption, delays and loss of critical data, and could prevent Expedia or TripAdvisor from providing content and services to users, travelers and/or third parties for a significant period of time. Remediation may be costly and the companies may not have adequate insurance to cover such costs. Moreover, the costs of enhancing infrastructure to attain improved stability and redundancy may be time consuming and expensive and may require resources and expertise that are difficult to obtain.

Expedia and TripAdvisor process, store and use personal information and other data, which subjects both companies to risks stemming from possible failure to comply with governmental regulation and other legal obligations and potential liability related to security breaches.

Expedia and TripAdvisor may acquire personal or confidential information from users of their websites and mobile applications. There are numerous laws regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal information and other consumer data, the scope of which are changing, subject to differing interpretations, and may be inconsistent between countries or conflict with other rules. Both Expedia and TripAdvisor strive to comply with all applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection. It is possible, however, that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or the practices of the companies. Any failure or perceived failure by Expedia or TripAdvisor to comply with its respective privacy policies, privacy-related obligations to users or other third parties, or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other user data, may result in governmental enforcement actions, litigation or public statements against the relevant company by consumer advocacy groups or others and could cause Expedia s or TripAdvisor s customers and members to lose trust in the companies, which could have an adverse effect on its respective businesses.

The regulatory framework for privacy issues worldwide is currently in flux and is likely to remain so for the foreseeable future. Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the internet have recently come under increased public scrutiny. The U.S. Congress and federal agencies, including the Federal Trade Commission and the Department of Commerce, are reviewing the need for greater regulation for the collection and use of information concerning consumer behavior on the internet, including regulation aimed at restricting certain targeted advertising practices. U.S. courts are also considering the applicability of existing federal and state statutes, including computer trespass and wiretapping laws, to the collection and exchange of information online. In addition, the European Union is in the process of proposing reforms to its existing data protection legal framework, which may result in a greater compliance burden for companies, including Expedia and TripAdvisor, with users in Europe and increased costs of compliance. TripAdvisor collaborations with other online service providers involve exchanges of user information, and these practices may attract increased regulatory scrutiny in the United States and Europe in the future.

Potential security breaches to Expedia s and/or TripAdvisor s systems, whether resulting from internal or external sources, could significantly harm their business. There can be no guarantee that their existing security measures will prevent all possible security breaches or attacks. A party, whether internal or external, that is able to circumvent Expedia s and/or TripAdvisor s security systems could misappropriate user information or proprietary information or cause significant interruptions in such company s operations. In the past, Expedia and TripAdvisor have experienced denial-of-service type attacks on their systems that have made portions of their websites unavailable for short periods of time. Expedia and TripAdvisor may need to expend significant resources to protect against security breaches or to address problems caused by breaches, and reductions in website availability could cause a loss of substantial business volume during the occurrence of any such incident. Because the techniques used to sabotage security change frequently, often are not recognized until launched against a target and may originate from less regulated and remote areas around the world, Expedia and TripAdvisor may be unable to proactively address these techniques or to implement adequate preventive measures. Security breaches could result in negative publicity, damage to reputation, exposure to risk of loss or

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litigation and possible liability due to regulatory penalties and sanctions. Security breaches could also cause travelers and potential users to lose confidence in Expedia s and/or TripAdvisor s security, which would have a negative effect on the value of their brands. Failure to adequately protect against attacks or intrusions, whether for their own systems or systems of vendors, could expose Expedia or TripAdvisor to security breaches that could have an adverse impact on financial performance.

Acquisitions and investments by Expedia and by TripAdvisor could result in operating and financial difficulties.

Expedia and TripAdvisor (as part of Expedia) have each acquired a number of businesses in the past, and each company s future growth may depend, in part, on future acquisitions, any of which could be material to its respective financial condition and results of operations. Certain financial and operational risks related to acquisitions that may have a material impact on Expedia s or TripAdvisor s business are:

- Use of cash resources and incurrence of debt and contingent liabilities in funding acquisitions may limit other potential uses of its cash, including stock repurchases, dividend payments and retirement of outstanding indebtedness;
- Amortization expenses related to acquired intangible assets and other adverse accounting consequences;
- Expected and unexpected costs incurred in pursuing acquisitions, identifying and performing due diligence on potential acquisition targets that may or may not be successful;
- Diversion of management s attention or other resources from its existing business;
- Difficulties and expenses in integrating the operations, products, technology, privacy protection systems, information systems or personnel of the acquired company;
- Impairment of relationships with employees, suppliers and affiliates of their business and the acquired business;
- The assumption of known and unknown debt and liabilities of the acquired company;
- Failure of the acquired company to achieve anticipated traffic, revenues, earnings or cash flows or to retain key management or employees;
- Failure to generate adequate returns on acquisitions and investments;
- Entrance into markets in which they have no direct prior experience and increased complexity in their business;
- Impairment of goodwill or other intangible assets such as trademarks or other intellectual property arising from acquisitions; and
- Adverse market reaction to acquisitions.

Moreover, Expedia and TripAdvisor rely heavily on the representations and warranties provided to them by the sellers of acquired companies, including as they relate to creation, ownership and rights in intellectual property and compliance with laws and contractual requirements. Expedia s and/or TripAdvisor s failure to address these risks or other problems encountered in connection with past or future acquisitions and investments could cause them to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and harm their business generally.

Expedia and TripAdvisor may be unable to access capital when necessary or desirable.

The availability of funds depends in significant measure on capital markets and liquidity factors over which Expedia and TripAdvisor have no control. In light of periodic uncertainty in the capital and credit markets, there can be no assurance that sufficient financing will be available on desirable or even any terms to fund investments, acquisitions, stock repurchases, dividends, debt refinancing or extraordinary actions or that counterparties in any such financings would honor their contractual commitments. In addition, any downgrade of

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Expedia s debt ratings by Standard & Poor s, Moody s Investor Service or similar ratings agencies, increases in general interest rate levels or overall weakening in the credit markets could increase Expedia s and/or TripAdvisor s cost of capital.

Furthermore, Expedia and TripAdvisor are also accumulating a greater portion of their respective cash flows in foreign jurisdictions than previously and the repatriation of such funds for use in the United States, including for corporate purposes such as acquisitions, stock repurchases, dividends or debt refinancings, may result in additional U.S. income tax expense.

Finally, Expedia has experienced, and may experience in the future, declines in seasonal liquidity and capital provided by its merchant hotel business, which has historically provided a meaningful portion of Expedia s operating cash flow and will likely provide a more significant portion of Expedia s operating cash flow following the spin-off. The extent of such impact is dependent on several factors, including the rate of growth of Expedia s merchant hotel business, payment terms with suppliers and relative growth of businesses which consume rather than generate working capital, such as its agency hotel, advertising and managed corporate travel businesses. Expedia also continues to evaluate the use of the agency model versus the merchant model in each of its markets and any change in Expedia s relative use of the agency model could have a materially adverse impact on its working capital and liquidity position.

Expedia is currently relying on the controlled company exemption under NASDAQ Stock Market Listing Rules, and TripAdvisor is expected to elect to rely on such controlled company exemption, pursuant to which such controlled companies are exempt from certain corporate governance requirements otherwise applicable under NASDAQ listing rules.

The NASDAQ Stock Market Listing Rules exempt controlled companies, or companies of which more than 50% of the voting power is held by an individual, a group or another company from certain corporate governance requirements, including those requirements that:

- a majority of the board of directors consist of independent directors;
- compensation of officers be determined or recommended to the board of directors by a majority of its independent directors or by a compensation committee comprised solely of independent directors; and
- director nominees be selected or recommended to the board of directors by a majority of its independent directors or by a nominating committee that is composed entirely of independent directors.

Expedia currently relies on the controlled company exemption from the above requirements, and it is expected that TripAdvisor will qualify as a controlled company and is expected to rely on the controlled company exemption from the above requirements. Accordingly, stockholders of Expedia will not, and stockholders of TripAdvisor would not be afforded the same protections generally as stockholders of other NASDAQ-listed companies with respect to corporate governance for so long as each company relies on these exemptions from the corporate governance requirements.

Risk Factors Relating to TripAdvisor s Business Following the Spin-Off

Competition from companies and websites that aggregate travel-related content could adversely affect TripAdvisor s business.

TripAdvisor competes for advertising revenue with search engines, such as Google and Bing, which offer pay-per-click or pay-per-impression advertising services, as well as large internet portal sites such as Yahoo! that offer listing or other advertising opportunities for travel-related companies. These competitors have significantly greater financial, technical, marketing and other resources compared to TripAdvisor as well as large client bases. In addition, TripAdvisor competes with newspapers, magazines and other traditional media companies that

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provide offline and online advertising opportunities. TripAdvisor expects to face additional competition as other established and emerging companies enter the travel advertising market. Competition could result in higher traffic acquisition costs, reduced margins on TripAdvisor s advertising services, loss of market share, reduced customer traffic to TripAdvisor s websites and reduced advertising by travel companies on TripAdvisor s websites. For example, Google (through its expansion of Google Places and preferred top placement of Places results in Google organic travel search results and its acquisition of ITA Software) and Microsoft s Bing (through its launch of Bing Travel) have each taken steps to appeal more directly to travel customers, which could lead to diversion of customer traffic to their own websites or those of a favored partner, or undermine TripAdvisor s ability to obtain prominent placement in paid or unpaid search results at a reasonable cost, or at all.

TripAdvisor could face competition from companies and websites that collect travel-related content, which could divert traffic from TripAdvisor websites causing financial harm to TripAdvisor.

TripAdvisor may face increased competition to the extent that competitors pursue a strategy to maximize the creation of commercially valuable online content at significant scale. For example, if any of the large search engines or online travel agencies chose to compete more directly with TripAdvisor in the travel review space, TripAdvisor may face the loss of business or other adverse financial consequences since those entities generally possess significantly greater consumer bases, financial resources, distribution channels and patent portfolios. For example, Google Places, with its aggregated reviews and local recommendations, competes with TripAdvisor. Further, Google s access to more comprehensive data regarding user search queries through its search algorithms gives it a significant competitive advantage over other companies in the industry, including TripAdvisor. If this data is used competitively by Google, sold to online publishers or given away for free, TripAdvisor s business may face increased competition from companies, including Google, with substantially greater resources, brand recognition and established market presence. TripAdvisor could also face competition from online travel agents that may be in a position to accumulate and develop a comprehensive offering of travel-related reviews and resources. The barriers to entry for these companies may be limited given their access to travel-related information and relationships with consumers. If online travel agents were to more directly enter TripAdvisor s market, the number of visitors to TripAdvisor s websites may be negatively affected which would, in turn, reduce TripAdvisor s ability to attract advertisers. Online travel agents are also a meaningful source of TripAdvisor s revenues, so if in competing with TripAdvisor these companies decide to reduce or eliminate their business with TripAdvisor, it could significantly impact TripAdvisor s results of operations and financial condition. Any of these competitors may announce new products, services or enhancements that attract users. Any such increased competition could cause pricing pressure, loss of market share or decreased member engagement, any of which could adversely affect TripAdvisor s business and financial performance.

TripAdvisor derives substantially all of its revenue from advertising and any reduction in spending by or loss of advertisers could harm TripAdvisor s business.

TripAdvisor derives substantially all of its revenue from advertising. Most of TripAdvisor s advertisers can generally terminate their contracts with TripAdvisor at any time or on very short notice. Advertisers will not continue to do business with TripAdvisor if their investment in such advertising does not generate sales leads, customers, bookings, or revenue and profit on a cost-effective basis, or if TripAdvisor does not deliver advertisements in an appropriate and effective manner. If TripAdvisor is unable to remain competitive and provide value to its advertisers, they will likely stop placing ads on TripAdvisor websites, which would harm TripAdvisor s revenues and business. In addition, TripAdvisor cannot guarantee that its current advertisers will fulfill their obligations under existing contracts, continue to advertise beyond the terms of existing contracts or enter into any additional contracts with TripAdvisor.

Expenditures by advertisers also tend to be cyclical, subject to variation based on budgetary constraints, project cancellation or delay and to reflect overall economic conditions and buying patterns. If TripAdvisor is unable to generate advertising revenue due to factors outside of its control, TripAdvisor s business and financial performance would be adversely affected.

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Click-based advertising accounts for the majority of TripAdvisor s advertising revenue. If new, more effective advertising models were to emerge there can be no assurance that TripAdvisor will have the ability to offer these models, or offer them in an effective manner. To the extent new technology platforms, such as mobile and tablet computing, begin to take market share from established platforms, there can be no assurance that TripAdvisor s existing advertising models will operate successfully on these new platforms, or work as effectively as on the desktop computer platform.

TripAdvisor relies on a relatively small number of significant advertisers and any reduction in spending by or loss of those advertisers could seriously harm TripAdvisor s business.

TripAdvisor derives a substantial portion of its revenue from a relatively small number of significant advertisers. If any of TripAdvisor s significant advertisers were to cease or to significantly curtail advertising on TripAdvisor websites, TripAdvisor could experience a rapid decline in its revenue over a relatively short period of time. For example, Expedia is TripAdvisor s most significant advertising customer in terms of revenue and Expedia currently expects to reduce the percentage of gross profit (on bookings generated from TripAdvisor-sourced visitors) that it pays to TripAdvisor in the future for click-based advertising, which is expected to have the effect of reducing its marketing spend with TripAdvisor. TripAdvisor currently estimates that this reduction will reduce TripAdvisor s annual revenue by approximately 2% to 5%. In the event that the impact of this change is more significant, it may have an adverse effect on TripAdvisor s business, financial condition and results of operation. In addition, TripAdvisor expects to enter into a one-year agreement with Expedia in connection with the spin-off. If such contract is not subsequently renewed or is renewed on terms less favorable to TripAdvisor, it could have an adverse effect on TripAdvisor s business, financial condition and results of operations.

Furthermore, TripAdvisor s cost-per-click (CPC) pricing for click-based advertising depends, in part, on competition between advertisers, with those paying higher CPCs generally getting better advertising placement and more leads from TripAdvisor. If TripAdvisor s large advertisers become less competitive with each other, merge with each other, focus more on profit than on traffic volume, or are able to reduce CPCs, this would have an adverse impact on TripAdvisor s CPCs which would, in turn, have an adverse effect on TripAdvisor s business, financial condition and results of operations.

TripAdvisor s success depends upon the acceptance, and successful measurement, of online advertising as an alternative to offline advertising.

TripAdvisor believes that a significant discrepancy exists between the percentage of the advertising market allocated to online advertising and the percentage of time spent on online (as opposed to offline) media consumption. Growth in TripAdvisor s business largely depends on this distinction between online and offline advertising narrowing or being eliminated, which may not happen in a manner or to the extent that TripAdvisor currently expects. TripAdvisor competes with traditional media for advertising dollars, in addition to websites with higher levels of traffic. If online advertising ceases to be an acceptable alternative to offline advertising, TripAdvisor s business, financial condition and results of operations will be negatively impacted.

Because the online marketing industry is relatively new and rapidly evolving, it uses different methods than traditional media to gauge its effectiveness. Some of TripAdvisor s potential customers have little or no experience using the internet for advertising and marketing purposes and have allocated only limited portions of their advertising and marketing budgets to the internet. The adoption of internet advertising, particularly by those entities that have historically relied upon traditional media for advertising, requires the acceptance of a new way of conducting business, exchanging information and evaluating new advertising and marketing technologies and services. In particular, TripAdvisor is dependent on TripAdvisor s clients adoption of new metrics to measure the success of online marketing campaigns. TripAdvisor may also experience resistance from traditional advertising agencies who may be advising TripAdvisor s clients. Any lack of growth in the market for various online advertising models could have an adverse effect on TripAdvisor s business, financial condition and results of operations.

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In addition, if advertisers materially change their transaction attribution models or their return on investment calculations and/or increase their return on investment targets with respect to online advertising in general or TripAdvisor traffic in particular, they might reduce their CPCs, which would have an adverse effect on TripAdvisor s business, financial condition and results of operations.

If TripAdvisor is unable to continue to drive and increase visitors to TripAdvisor s websites and to cost-effectively convert these visitors into repeat users or contributors, TripAdvisor s advertising revenue could decline.

The primary asset that TripAdvisor uses to attract traffic to its websites and convert these visitors into repeat users is the content created by users of TripAdvisor s websites, particularly such content s volume, unique nature and organization. TripAdvisor s success in attracting users depends, in part, upon TripAdvisor s continued ability to collect, create and distribute high-quality, commercially valuable content in a cost-effective manner at a scale that connects consumers with content that meets their specific interests and enables them to share and interact with the content and supporting communities. There can be no assurances that TripAdvisor will continue to receive content in a cost-effective manner or in a manner that timely meets rapidly changing consumer demand, if at all. Any failure to obtain such content could adversely affect user experiences and reduce traffic driven to TripAdvisor s websites, which would make TripAdvisor s websites less attractive to advertisers. Any change in the cost structure pursuant to which TripAdvisor obtains its content currently, or in travelers relative appreciation of user-based versus expert content, could negatively impact TripAdvisor s business and financial performance.

One method TripAdvisor employs to attract and acquire new, and retain existing, users and members is commonly referred to as search engine optimization (or SEO). SEO is the practice of developing websites with relevant and current content that rank well in search engine results. TripAdvisor is subject to periodic changes in search engine algorithms and methodologies and changes in search query trends and display results. TripAdvisor s failure to successfully manage its SEO strategy could result in a substantial decrease in traffic to TripAdvisor websites, as well as increased costs if TripAdvisor were to replace free traffic with paid traffic. Actions beyond the control of TripAdvisor, such as changes to algorithms by search engine providers for competitive or other purposes, on the part of the companies that operate the large search engines, could also negatively impact the ranking of TripAdvisor websites in search engine results.

Even if TripAdvisor succeeds in driving traffic to its websites, neither TripAdvisor nor its advertisers or partners may be able to monetize this traffic or otherwise retain consumers. TripAdvisor s failure to do so could result in decreased users and related advertising revenue. Any or all of the above results would adversely affect TripAdvisor s business and financial performance.

TripAdvisor is dependent upon the quality of traffic in TripAdvisor s network to provide value to online advertisers, and any failure in TripAdvisor s quality control could have a material adverse effect on the value of TripAdvisor s websites to TripAdvisor s advertisers and adversely affect TripAdvisor s revenue.

TripAdvisor uses technology and processes to monitor the quality of, and to identify any anomalous metrics associated with, the internet traffic that TripAdvisor delivers to online advertisers. These metrics may be indicative of low quality clicks such as non-human processes, including robots, spiders or other software; the mechanical automation of clicking; and other types of invalid clicks or click fraud. Even with such monitoring in place, there is a risk that a certain amount of low-quality traffic, or traffic that online advertisers deem to be invalid, will be delivered to such online advertisers. As a result, TripAdvisor may be required to credit future amounts owed to it by TripAdvisor s advertisers. Furthermore, low-quality or invalid traffic may be detrimental to TripAdvisor s relationships with advertisers, and could adversely affect TripAdvisor s advertising pricing and revenue.

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New technologies could block TripAdvisor s ads, which would harm TripAdvisor s business.

Technologies have been developed that can block the display of online ads and that provide tools to users to opt out of some web-based advertising products. TripAdvisor derives most of its revenues from fees paid to TripAdvisor by advertisers in connection with the display of ads on web pages for TripAdvisor s users. As a result, these technologies and tools could adversely affect TripAdvisor s business and financial performance.

TripAdvisor may experience difficulty in achieving meaningful consumer adoption of, and creating a viable advertising market via, its applications for mobile and tablet computing devices, which could harm TripAdvisor s business.

In general, TripAdvisor content was originally designed for users accessing the internet on a desktop or laptop computer. The number of people who access the internet through devices other than personal computers has increased substantially in the last few years. Although TripAdvisor has developed services and applications to address the smaller screens, lower resolution graphics and less convenient typing capabilities of these devices, the cost of mobile advertising is relatively high and may not be considered cost effective for advertising customers. Moreover, if TripAdvisor s mobile and tablet computing services prove to be less effective for users seeking to research travel through these devices or less economically attractive for advertisers and the wireless and mobile segment of internet traffic grows at the expense of traditional computer internet access, TripAdvisor may experience difficulty attracting and retaining traffic and, in turn, advertisers, on these platforms. Additionally, as new devices and new platforms are continually being released, it is difficult to predict the challenges that TripAdvisor may encounter in developing versions of its offerings for use on these alternative devices, and TripAdvisor may need to devote significant resources to the creation, support, and maintenance of its services on such devices. To the extent that revenue generated from advertising placed on mobile and tablet computing devices becomes more important to TripAdvisor s business and TripAdvisor fails to adequately evolve and address this market, TripAdvisor s business and financial performance could be negatively impacted.

As a distributor and host of internet content, TripAdvisor faces potential liability and expense for legal claims based on the nature and content of the materials that TripAdvisor distributes or creates, or that are accessible via TripAdvisor s websites.

As a distributor and host of original content and user-generated content, TripAdvisor faces potential liability based on a variety of theories, including defamation, libel, negligence, copyright or trademark infringement or other legal theories based on the nature, creation or distribution of this information, and under various laws, including the Lanham Act, the Copyright Act, the Federal Trade Commission Act, the Digital Millennium Copyright Act, the Communications Decency Act, and the EU E-Commerce Directive. TripAdvisor may also be exposed to similar liability in connection with content that users post to TripAdvisor s websites through forums, blogs, comments, and other social media features. In addition, it is possible that visitors to TripAdvisor s websites could make claims against the company for losses incurred in reliance upon information provided via TripAdvisor s websites. These claims, whether brought in the United States or abroad, could divert management time and attention away from TripAdvisor s business and result in significant costs to investigate and defend, regardless of the merit of these claims. If TripAdvisor becomes subject to these or similar claims and is not successful in its defense, TripAdvisor may be forced to pay substantial damages. There is no guarantee that the company will avoid future liability and potential expenses for legal claims based on the content available on TripAdvisor s websites. Should the content distributed through TripAdvisor s websites violate the rights of others or otherwise give rise to claims against TripAdvisor, TripAdvisor could be subject to substantial liability, which could have a negative impact on its business and financial performance.

Poor perception of TripAdvisor s brand or the content available on its websites could harm TripAdvisor s reputation and adversely affect TripAdvisor s business and financial performance.

Loss of trust in TripAdvisor s content or brand would harm its reputation and adversely affect its business, financial condition and results of operations. TripAdvisor s success depends on attracting and retaining a large

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number of users to its websites and providing leads and clicks to advertisers. In order to attract and retain users, TripAdvisor must remain a trusted source of travel advice. Because of TripAdvisor s reliance on user-generated content, the company must continually manage and monitor its content and detect incorrect or fraudulent information. For example, hotels, hotel competitors, or others, in an attempt to improperly influence a hotel s reviews and rankings, sometimes write and submit fraudulent or otherwise misleading reviews. If a significant amount of inaccurate or fraudulent information were not detected and removed by TripAdvisor in a timely manner, or if a significant amount of information was perceived by users or the media to be inaccurate or fraudulent, whether or not such perceptions were accurate, TripAdvisor s brand, business and reputation could be harmed. From time to time, TripAdvisor has been the target of complaints and allegations in the United States and abroad regarding the trustworthiness of reviews on its websites, some of which have resulted in adverse media coverage. There can be no guarantee that current or future complaints, allegations, investigations or legal proceedings, even if baseless, will not generate adverse publicity that could damage TripAdvisor s reputation. Any damage to TripAdvisor s reputation could harm its ability to attract and retain users and advertisers, which would adversely affect its business and financial performance. In addition, adverse news reports or media, industry or consumer coverage of TripAdvisor would reflect poorly on its brands and could divert management time and attention away from TripAdvisor s business, any of which could have an adverse effect on its business and financial performance.

If TripAdvisor does not continue to innovate and provide tools and services that are useful to travelers, it may not remain competitive, and its business and financial performance could suffer.

TripAdvisor s success depends in part on continued innovation to provide features and services that make its websites and mobile and tablet computing applications useful for travelers. Competitors of TripAdvisor are continually developing innovations in online travel-related services and features. If TripAdvisor is unable to provide quality features and services that travelers want to use, then travelers may become dissatisfied and use a competitor s offerings. If it is unable to continue offering innovative products and services, TripAdvisor may be unable to attract additional users, which could adversely affect its business and financial performance.

TripAdvisor may be subject to claims that it violated intellectual property rights of others, which claims are extremely costly to defend and could require the company to pay significant damages and limit its ability to operate.

Companies in the internet and technology industries, and other patent and trademark holders seeking to profit from royalties in connection with grants of licenses, own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. TripAdvisor has received in the past and may in the future receive notices that claim it has misappropriated or misused other parties intellectual property rights. There may be intellectual property rights held by others, including issued or pending patents and trademarks, that cover significant aspects of TripAdvisor s technologies or content. Any intellectual property claim against the company, regardless of merit, could be time consuming and expensive to settle or litigate and could divert management s attention and other resources. These claims also could subject the company to significant liability for damages and could result in it having to stop using technology or content found to be in violation of another party s rights. TripAdvisor might be required or may opt to seek a license for rights to intellectual property held by others, which may not be available on commercially reasonable terms, or at all. Even if a license is available, TripAdvisor could be required to pay significant royalties, which would increase its operating expenses. It may also be required to develop alternative non-infringing technology, or content, which could require significant effort and expense and make TripAdvisor less competitive in the relevant market. Any of these results could harm its business and financial performance.

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TripAdvisor may have future capital needs and may not be able to obtain additional financing on acceptable terms.

In connection with the spin-off, TripAdvisor and certain of its post spin-off subsidiaries expect to enter into a credit agreement providing for a term loan in the amount of $400 million to TripAdvisor Holdings, LLC as well as a revolving credit facility of $200 million. These arrangements may limit TripAdvisor s ability to secure significant, additional financing in the future on favorable terms. TripAdvisor s ability to secure additional financing and satisfy its financial obligations under indebtedness outstanding from time to time will depend upon TripAdvisor s future operating performance, which is subject to then prevailing general economic and credit market conditions, including interest rate levels and the availability of credit generally, and financial, business and other factors, many of which are beyond TripAdvisor s control.

In addition, TripAdvisor may be unable to secure additional financing or financing on favorable terms or TripAdvisor s operating cash flow may be insufficient to satisfy its financial obligations under indebtedness outstanding from time to time (if any). Furthermore, if financing is not available when needed or is not available on favorable terms, TripAdvisor may be unable to issue or repurchase equity, develop new or enhanced existing services, complete acquisitions or otherwise take advantage of business opportunities, any of which could have a material adverse effect on its business, financial condition and results of operations. If additional funds are raised through the issuance of equity securities, TripAdvisor s stockholders may experience significant dilution.

TripAdvisor expects to have significant indebtedness, which could adversely affect its business and financial condition.

Upon consummation of the spin-off, the face value of TripAdvisor s indebtedness is expected to total at least $400 million. Risks relating to TripAdvisor s expected indebtedness include:

- Increasing its vulnerability to general adverse economic and industry conditions;
- Requiring TripAdvisor to dedicate a portion of its cash flow from operations to payments on its indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;
- Making it difficult for TripAdvisor to optimally capitalize and manage the cash flow for its businesses;
- Limiting TripAdvisor s flexibility in planning for, or reacting to, changes in its businesses and the markets in which it operates;
- Possibly placing TripAdvisor at a competitive disadvantage compared to its competitors that have less debt;
- Limiting TripAdvisor s ability to borrow additional funds or to borrow funds at rates or on other terms that it finds acceptable; and
- Exposing TripAdvisor to the risk of increased interest rates because its outstanding debt is expected to be subject to variable rates of interest.

In addition, it is possible that TripAdvisor may need to incur additional indebtedness in the future in the ordinary course of business. The terms of TripAdvisor s term loan and revolving credit facility will allow TripAdvisor to incur additional debt subject to certain limitations. If new debt is added to current debt levels, the risks described above could intensify.

The agreements that would govern TripAdvisor s anticipated credit facility are expected to contain various covenants that will limit its discretion in the operation of its business and also will require TripAdvisor to meet financial maintenance tests and other covenants. The failure to comply with such tests and covenants could have a material adverse effect on TripAdvisor.

In connection with the spin-off, TripAdvisor expects to enter into a new credit agreement providing for a senior revolving credit facility with a borrowing capacity of $200 million and a term of five years, as well as a

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five-year, $400 million senior term loan to TripAdvisor Holdings, LLC. The agreements that would govern the term loan and revolving credit facility are expected to contain various covenants, including those that would limit TripAdvisor s ability to, among other things:

- Borrow money, and guarantee or provide other support for indebtedness of third parties including guarantees;
- Pay dividends on, redeem or repurchase TripAdvisor s capital stock;
- Enter into certain asset sale transactions, including partial or full spin-off transactions;
- Enter into secured financing arrangements;
- Enter into sale and leaseback transactions; and
- Enter into unrelated businesses.

These covenants may limit TripAdvisor s ability to optimally operate its businesses.

In addition, TripAdvisor s term loan and revolving credit facility are expected to require that it meet certain financial tests, including an interest coverage test and a leverage ratio test.

Any failure to comply with the restrictions of TripAdvisor s term loan credit facility may result in an event of default under the agreements governing such facilities. Such default may allow the creditors to accelerate the debt incurred under thereunder. In addition, lenders may be able to terminate any commitments they had made to supply TripAdvisor with further funds (including periodic rollovers of existing borrowings).

TripAdvisor may not be able to successfully expand into the vacation rental marketplace.

TripAdvisor has recently begun offering vacation rental services. The online vacation rental market is relatively new and unproven and is rapidly evolving, and limited data is currently available regarding the market and industry. TripAdvisor s vacation rental services may not succeed, and, even if successful, TripAdvisor s revenues may not increase. These new services could also increase TripAdvisor s operating costs. Furthermore, a larger competitor exists in the vacation rental space, with significantly more users and listed properties, and new competitors with significant financial resources are continually emerging. If property owners and managers do not perceive the benefits of marketing their properties online or marketing their properties with several intermediaries, then the market for TripAdvisor s services may not develop as expected, or it may develop more slowly than expected, either of which would slow the growth of TripAdvisor s business and revenues.

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Risk Factors Relating to Expedia s Business Following the Spin-Off

Expedia operates in an increasingly competitive global environment.

The market for the services offered by Expedia is increasingly and intensely competitive. Expedia competes with both established and emerging online and traditional sellers of travel-related services, including online travel agencies, travel suppliers, large online portal and search companies, traditional travel agencies, metasearch companies, operators of travel industry reservation databases and private shopping websites. Some of Expedia s competitors, including travel suppliers such as airlines and hotels, may offer products and services on more favorable terms, including lower prices, no fees or unique access to proprietary loyalty programs, such as points and miles. Many of these competitors, such as airlines, hotel and rental car companies, have been steadily focusing on increasing online demand on their own websites in lieu of third-party distributors such as the various Expedia sites. For instance, some low cost airlines, which are having increasing success in the marketplace, distribute their online supply exclusively through their own websites. Suppliers who sell on their own websites, in some instances, offer advantages such as increased or exclusive product availability and their own bonus miles or loyalty points, which could make their offerings more attractive to consumers than Expedia s offerings.

Expedia faces increasing competition from other online travel agencies, such as Priceline and Travelocity, which in some cases may have more favorable offerings for both travelers and suppliers, including pricing and supply breadth. In particular, Expedia has faced and is facing intense competition from Priceline subsidiaries, Booking.com and Agoda.com. Expedia also competes with other travel agencies for both travelers and the acquisition and retention of supply. Increasing competition from current and emerging competitors, the introduction of new technologies and platforms, and the expansion of existing technologies, such as metasearch and other search engine technologies, may force Expedia to make changes to its business models, which could affect Expedia s financial performance and liquidity. Increased competition has resulted in and may continue to result in reduced margins, as well as loss of travelers, transactions and brand recognition.

Expedia cannot assure you that it will be able to compete successfully against any current, emerging and future competitors or provide differentiated products and services to its customers.

Expedia s business depends on its relationships with travel suppliers and travel supplier intermediaries.

An important component of Expedia s business success depends on its ability to maintain and expand relationships with travel suppliers and global distribution system (GDS) partners. Expedia derives a substantial portion of its revenue from compensation negotiated with travel suppliers and GDS partners for bookings made through Expedia s websites. Over the last several years, air and hotel travel suppliers have generally reduced, and in some cases eliminated, payments to travel agents and other travel intermediaries. In addition, Expedia s hotel remuneration varies with the room rates paid by travelers (Average Daily Rates, or ADRs), meaning that Expedia s revenue for each room will generally be proportionately higher or lower depending on the level of the ADR. For example, the significant decline in ADRs, which began in late 2008 and continued through 2009, negatively impacted Expedia s hotel booking revenue. In addition, ADRs on Expedia s websites generally declined faster than in the overall travel industry due to a number of factors including the increased use of Expedia s distribution channels for promotional activities by hotels. To the extent ADRs decline in the future, Expedia s hotel booking revenue may be negatively impacted.

Also, each year Expedia typically negotiates or renegotiates numerous long-term airline and hotel contracts. No assurances can be given that travel suppliers or GDS partners will not further reduce or eliminate compensation, attempt to implement multiple costly direct connections, charge travel agencies for or otherwise restrict access to content, credit card fees or other services, or further reduce their ADRs, any of which could reduce Expedia s revenue and margins thereby adversely affecting Expedia s business and financial performance. For example, a number of airlines now charge separately for checked baggage, food, beverages and other services. GDSs currently have limited technology to incorporate these elements into Expedia s product selection, impacting Expedia s product display and comparability with the airlines own sites or other channels that show

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this content detail. In late 2010, American Airlines began to pursue a new distribution strategy requiring online travel agents to agree to connect directly to American Airlines systems, rather than through GDSs, and Expedia s contract with American Airlines expired without renewal resulting in American Airlines fares being temporarily removed from Expedia s leisure travel sites. American Airlines tickets were placed back on the sites in April 2011, and Expedia and American Airlines have entered into a new agreement. If other airlines pursue a similar distribution strategy, it could reduce Expedia s access to air inventory, reduce Expedia s compensation, result in additional operating expenses related to the development, implementation and maintenance of the necessary technology systems, increase the frequency or duration of system problems and delay other projects.

Adverse application of existing tax or unclaimed property laws, rules or regulations, or implementation of new unfavorable laws, rules or regulations, could have an adverse effect on Expedia s business and financial performance.

The application of various domestic and international sales, use, occupancy, value-added and other tax or unclaimed property laws, rules and regulations to Expedia s historical and new products and services is subject to interpretation by the applicable taxing authorities. Many of the fundamental statutes and regulations that impose sales, use, occupancy, value added and other taxes were established before the growth of the internet and e-commerce. If the tax or other laws, rules and regulations were amended, if new unfavorable laws, rules or regulations were adopted, as has recently occurred in certain jurisdictions, or if current laws are interpreted adversely to Expedia s interests, particularly with respect to occupancy or value-added taxes or unclaimed property, the results could increase Expedia s tax payments or other obligations (prospectively or retrospectively) and/or subject it to interest and/or penalties and decrease the demand for Expedia s products and services if Expedia passes on such costs to the consumer. As a result, these changes could have an adverse affect on Expedia s businesses or financial performance.

A number of tax authorities have brought lawsuits and have levied assessments asserting that Expedia is required to collect and remit hotel occupancy taxes. In addition, Expedia has in the past and may in the future be required in certain jurisdictions to pay tax assessments, which may be substantial, prior to contesting the validity of such assessments. This requirement is commonly referred to as pay-to-play. Payment of these amounts is not an admission that the taxpayer believes it is subject to such taxes. Expedia continues to work with relevant tax authorities and legislators to clarify Expedia s obligations under existing, new and emerging laws and regulations.

Expedia s failure to comply with existing laws, rules and regulations could adversely affect its business, financial condition and results of operations.

Since Expedia businesses sell airline tickets and provide related services to consumers through a number of different online and offline channels, these businesses are subject to a wide variety of statutes, rules, regulations, policies and procedures in various jurisdictions in the United States and abroad, which are subject to change at any time. Expedia s businesses are also subject to laws, rules and regulations applicable to providers of primary ticketing and ticket resale services, which in some cases regulate the amount of transaction and other fees that they may be charged in connection with primary ticketing sales and/or the ticket prices that may be charged in the case of ticket resale services, and new legislation of this nature is introduced from time to time in various (and is pending in certain) jurisdictions in which Expedia s businesses sell tickets and provide services. The failure of Expedia businesses to comply with these laws and regulations could result in fines and/or proceedings against Expedia by governmental agencies and/or consumers, which if material, could adversely affect Expedia s business, financial condition and results of operations.

In addition, the application of various domestic and international sales, use, value-added and other tax laws, rules and regulations to Expedia s historical and new products and services is subject to interpretation by applicable taxing authorities. While Expedia believes that that it is compliant with current tax provisions, taxing authorities may take a contrary position and such positions may adversely affect Expedia s business, financial condition and results of operations.

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From time to time, federal, state and local authorities and/or consumers commence investigations, inquiries or litigation with respect to compliance by Expedia and its businesses with applicable consumer protection, advertising, unfair business practice, antitrust, competition and other laws. Expedia s businesses have historically cooperated with authorities in connection with these investigations. Expedia has incurred significant legal expenses in connection with the defense of governmental investigations and litigation in the past and may be required to incur additional expenses in the future should investigations and litigation be instituted. An adverse outcome could limit or constrain Expedia s businesses (whether generally, with respect to a particular segment or in a particular market thereof) or subject them to potential damage assessments, all of which could have a material adverse effect on Expedia s business, financial condition and results of operations.

Provisions in certain credit card processing agreements could adversely affect Expedia s liquidity and financial position.

Expedia has agreements with companies that process customer credit card transactions for the facilitation of customer bookings of travel services from its travel suppliers. These agreements allow these processing companies, under certain conditions, to hold an amount of Expedia s cash (referred to as a holdback) or require Expedia to post a letter of credit equal to a portion of bookings that have been processed by that company. These processing companies may be entitled to a holdback upon the occurrence of specified events, including material adverse changes in Expedia s financial condition, or for certain companies, at their discretion. An imposition of a holdback by one or more of these processing companies could materially reduce Expedia s liquidity.

Expedia may also be held liable for accepting fraudulent credit cards on its websites for transactions where it is merchant of record as well as other payment disputes with its customers. Additionally, Expedia is held liable for accepting fraudulent credit cards in certain retail transactions when it does not act as merchant of record. Accordingly, Expedia calculates and records an allowance for the resulting credit card charge backs. If Expedia is unable to combat the use of fraudulent credit cards on its websites, its results of operations and financial position could be materially adversely affected.

Expedia relies on third parties for many systems and services.

Expedia relies on third-party service providers for certain customer care, fulfillment, processing, systems development, technology and other services, including, increasingly, travel care and information technology services. If these third parties experience difficulty meeting Expedia s requirements or standards, it could damage the company s reputation or make it difficult for Expedia to operate some aspects of its business. In addition, if such third-party service providers were to cease operations, temporarily or permanently, face financial distress or other business disruption, Expedia could suffer increased costs and delays in its ability to provide similar services until an equivalent service provider could be found or Expedia could develop replacement technology or operations, any of which could have an adverse impact on Expedia s business and financial performance.

Expedia is involved in various legal proceedings and may experience unfavorable outcomes, which could adversely affect its business and financial condition.

Expedia is involved in various legal proceedings and claims involving property, personal injury, contract, alleged infringement of third-party intellectual property rights and other claims. These matters may involve claims for substantial amounts of money or for other relief that might necessitate changes to Expedia s business or operations. The defense of these actions is and may continue to be both time consuming and expensive. If these legal proceedings were to result in unfavorable outcomes, it could have a material adverse effect on Expedia s business and financial performance.

For a description of proceedings and claims that may be of particular interest to Expedia stockholders, please see Part I. Item 3. Legal Proceedings in Expedia s Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated herein by reference, as updated by Expedia s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011, also incorporated herein by reference.

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Expedia has significant long-term indebtedness, which could adversely affect its business and financial condition.

As of June 30, 2011, the face value of Expedia s long-term indebtedness totaled $1.6 billion. Risks relating to Expedia s long-term indebtedness include:

- Increasing its vulnerability to general adverse economic and industry conditions;
- Requiring Expedia to dedicate a portion of its cash flow from operations to payments on its indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;
- Making it difficult for Expedia to optimally capitalize and manage the cash flow for its businesses;
- Limiting Expedia s flexibility in planning for, or reacting to, changes in its businesses and the markets in which it operates;
- Possible refinancing risk if certain of Expedia s senior note issues are put by holders in 2013;
- Possibly placing Expedia at a competitive disadvantage compared to its competitors that have less debt; and
- Limiting Expedia s ability to borrow additional funds or to borrow funds at rates or on other terms that it finds acceptable.

In addition, it is possible that Expedia may need to incur additional indebtedness in the future in the ordinary course of business. The terms of Expedia s credit facility and the indentures governing its outstanding senior notes allow Expedia to incur additional debt subject to certain limitations. If new debt is added to current debt levels, the risks described above could intensify.

The agreements governing Expedia s indebtedness contain various covenants that limit its discretion in the operation of its business and also require Expedia to meet financial maintenance tests and other covenants. The failure to comply with such tests and covenants could have a material adverse effect on Expedia.

The agreements governing Expedia s indebtedness contain various covenants, including those that limit its ability to, among other things:

- Borrow money, and guarantee or provide other support for indebtedness of third parties including guarantees;
- Pay dividends on, redeem or repurchase Expedia s capital stock;
- Enter into certain asset sale transactions, including partial or full spin-off transactions;
- Enter into secured financing arrangements;

- Enter into sale and leaseback transactions; and

- Enter into unrelated businesses.

The indenture governing Expedia s 8.5% senior notes due 2016 also contains a covenant limiting Expedia s ability to make investments in entities that it does not control, including joint ventures. Expedia expects, however, that this indenture will be discharged or defeased in connection with the spin-off.

These covenants may limit Expedia s ability to optimally operate its businesses.

In addition, Expedia s credit facility requires that it meet certain financial tests, including an interest coverage test and a leverage ratio test.

Any failure to comply with the restrictions of Expedia s credit facility or any agreement governing its other indebtedness may result in an event of default under those agreements. Such default may allow the creditors to

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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).

Expedia is exposed to various counterparty risks.

Expedia is exposed to the risk that various counterparties, including financial entities, will fail to perform. This creates risk in a number of areas, including with respect to Expedia s insurance coverages, investments, bank deposits, letters of credit and foreign exchange risk management. As it relates to foreign exchange, Expedia employs forward contracts to hedge a portion of its exposure to foreign currency exchange rate fluctuations. As of June 30, 2011, Expedia was party to forward contracts with a notional value of approximately $172 million and the fair value of which was approximately $3 million. The counterparties to these contracts were JPMorgan Chase, Barclays, Royal Bank of Scotland, Bank of America, Bank of Tokyo-Mitsubishi, Royal Bank of Canada and BNP Paribas. Upon the maturity of these or subsequent contracts, the counterparties are potentially obligated to pay Expedia net settlement values. If any of these counterparties were to liquidate, declare bankruptcy or otherwise cease operations, it may not be able to satisfy its obligations under these forward contracts. In addition, due to the weakening economy Expedia also faces increased credit risk and payment delays from its non-financial contract counterparties.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus, the documents incorporated by reference and other written reports and oral statements made from time to time by Expedia or TripAdvisor may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance. These forward-looking statements are based on management s expectations as of the date of the respective statement and assumptions that are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. The use of words such as anticipates, estimates, plans, believes, intends and expects, among others, generally identifies forward-looking statements. However, these words are not the exclusive means of identifying such statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements and may include statements relating to future revenues, expenses, margins, profitability, net income (loss), earnings per share and other measures of results of operations and the prospects for future growth of Expedia s and TripAdvisor s businesses.

Actual results and the timing and outcome of events may differ materially from those expressed or implied in the forward-looking statements for a variety of reasons, including, among others, those discussed in the Risk Factors section (such as those relating to the spin-off and Expedia and TripAdvisor s respective securities and businesses following the spin-off), and other risks detailed in Expedia s public filings with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2010, as amended, and subsequent Forms 10-Q.

These forward-looking statements are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Unless required by applicable law to do so, neither Expedia nor TripAdvisor intends to publicly update or review any of these forward-looking statements, whether as a result of new information, future events or otherwise, even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized.

Please carefully review and consider the various disclosures made in this proxy statement/prospectus and in Expedia s other reports filed with the SEC that attempt to advise interested parties of the risks and factors that may affect the business, results of operations, financial condition or prospects of each of Expedia and TripAdvisor.

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PROPOSAL 1 THE SPIN-OFF PROPOSAL

Overview

Expedia has proposed to spin-off TripAdvisor so that TripAdvisor will become an independent, separately traded public company. In connection with the spin-off, TripAdvisor, Inc. was incorporated as a Delaware corporation in July 2011. TripAdvisor, Inc. currently does not have any material assets or liabilities, nor does it engage in any business or other activities and, other than in connection with the spin-off, will not acquire or incur any material assets or liabilities, nor will it separately engage in any business or other activities, in each case prior to the spin-off. In connection with the spin-off, Expedia will contribute or transfer all of the subsidiaries and assets relating to Expedia s TripAdvisor Media Group (as reflected in the TripAdvisor Holdings, LLC combined financial statements), including the flagship TripAdvisor brand as well as 18 other travel media brands, to TripAdvisor, Inc. and TripAdvisor, Inc. or one of its subsidiaries will assume of all of the liabilities relating to Expedia s TripAdvisor Media Group. After the transaction, Expedia will continue to own and operate its remaining businesses as an independent, separately traded public company.

Expedia will effect the spin-off through amendments to the Expedia amended and restated certificate of incorporation that will:

- Reclassify each share of Expedia $0.001 par value common stock into one share of Expedia $0.0001 par value common stock and 1/100 of a share of Expedia Series 1 Mandatory Exchangeable Preferred Stock that will automatically exchange into one share of TripAdvisor $0.001 par value common stock immediately following the reclassification; and

- Reclassify each share of Expedia $0.001 par value Class B common stock into one share of Expedia $0.0001 par value Class B common stock and 1/100 of a share of Expedia Series 2 Mandatory Exchangeable Preferred Stock that will automatically exchange into one share of TripAdvisor $0.001 par value Class B common stock immediately following the reclassification.

The full text of the proposed amendments to Expedia s amended and restated certificate of incorporation is set forth in Annex A to this proxy statement/prospectus.

Expedia will not effect the spin-off or the reverse stock split if the preferred stock merger has not been consummated. The preferred stock merger would be effected before the reverse stock split and before the spin-off.

Even if Expedia receives all required stockholder approvals with respect to the spin-off proposal, Expedia s Board of Directors has reserved the right to abandon the spin-off. In that case, the proposed amendments to Expedia s amended and restated certificate of incorporation relating to the spin-off will not become effective.

If Expedia s stockholders approve the proposed amendments to Expedia s amended and restated certificate of incorporation relating to the spin-off and Expedia completes the spin-off, the holders of Expedia common shares outstanding immediately prior to the spin-off will initially own all of the Expedia common shares and TripAdvisor common shares outstanding immediately following the spin-off.

Required Vote

Under Delaware law, the spin-off proposal must be approved by (i) the affirmative vote of holders of a majority of the outstanding shares of Expedia common stock, voting as a separate class; (ii) the affirmative vote of holders of a majority of the outstanding shares of Expedia Class B common stock, voting as a separate class; and (iii) the affirmative vote of holders of a majority of the voting power of the outstanding shares of Expedia common stock, Expedia Class B common stock and Expedia Series A preferred stock, voting together as a single class, with each share of Expedia common stock entitled to one vote per share, each share of Expedia Class B common stock entitled to ten votes per share and each share of Expedia Series A preferred stock entitled to two votes per share. In addition to the votes required under Delaware law, based on the recommendation of the Expedia Special Committee of the Board, the Expedia Board of Directors has further conditioned the spin-off on the affirmative vote of holders of a majority of the outstanding shares of Expedia common stock, other than shares owned or controlled by Expedia management. Mr. Diller has control over the separate class vote of Expedia Class B common stock with respect to the spin-off proposal and the separate combined vote of the outstanding shares of the Expedia common stock, the Expedia Class B common stock and the Expedia Series A preferred stock, voting together as a single class, but does not have control over either the separate class vote of Expedia common stock with respect to the spin-off proposal or the vote on the spin-off proposal by the outstanding shares of Expedia common stock other than shares owned or controlled by Expedia management.

Background and Reasons for the Spin-Off

This discussion of the information and factors that the Expedia Board of Directors considered in making its decision is not intended to be exhaustive but includes all material factors considered by the Expedia Board of Directors. In view of the wide variety of factors considered in connection with the evaluation of the spin-off and the complexity of these matters, the Expedia Board of Directors did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, the individual members of the Expedia Board of Directors may have given different weight to different factors.

The Expedia Board of Directors periodically reviews Expedia s organizational structure to consider the strategic, operational and financial requirements of a large company operating in several businesses. As part of its periodic reviews, Expedia s Board of Directors regularly considers the performance and outlook for the Expedia business group as a whole as well as its individual businesses, such as the TripAdvisor Media Group. During one such review in early 2011, the Expedia Board considered the potential benefits discussed below that might be achieved through a separation of the TripAdvisor Media Group from the rest of Expedia s businesses by means of a distribution to Expedia stockholders of the stock of a new publicly traded parent company that would hold the TripAdvisor Media Group assets and operations. The Expedia Board also considered effecting a separation by means of an initial public offering of a portion of TripAdvisor s capital stock, but determined that a partial separation would not as effectively achieve certain objectives sought by the Expedia Board (such as placing Expedia and TripAdvisor in a better position to implement future growth through acquisitions). On April 7, 2011, following an Expedia Board meeting with respect to the spin-off, Expedia publicly announced its plan to pursue the spin-off.

In connection with its consideration of whether implementing a spin-off from Expedia of TripAdvisor Media Group-associated assets and operations would be in the best interests of Expedia and its stockholders, Expedia s Board of Directors consulted with its advisors, including its financial and legal advisors, and considered various factors, including the potential benefits of the spin-off, certain tax considerations and various risks and uncertainties, including those associated with the spin-off and the securities and businesses of each of Expedia and TripAdvisor following the spin-off. The Board considered the receptivity of the capital markets and the financing environment in concluding that it would be appropriate to proceed with the spin-off at this time.

Benefits of the Spin-Off

The Expedia Board of Directors believes that the spin-off would provide the following benefits to Expedia and its stockholders, and that such benefits would likely not be attainable if the spin-off were not implemented. Attainment of these potential benefits is the primary reason underlying the Expedia Board of Directors determination to pursue the spin-off of TripAdvisor.

Post Spin-Off, Expedia s and TripAdvisor s Separate Equity Currencies Will Enable Growth Through Acquisitions

Currently, neither Expedia nor TripAdvisor operates as an independent, pure-play business (by which we mean a business that has a single focus), nor does either business have a separate equity security representing an

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interest in its pure-play business (such equity securities are commonly referred to as pure-play currencies) that it could use in acquiring similarly-focused businesses or other entities whose owners would be interested in acquiring interests in a pure-play business. The fact that neither Expedia nor TripAdvisor has a pure-play currency for its respective business may hinder the companies ability to complete additional acquisitions of similarly-focused businesses, as potential transaction partners may be more interested in receiving equity consideration representing an interest in a pure-play business. Accordingly, a pure-play currency should give each of Expedia and TripAdvisor heightened agility to maneuver effectively in the current and future acquisition environment.

The Spin-Off Will Provide Capital Markets and Investors with Greater Transparency into Each Company

The separation of TripAdvisor from Expedia will enable investors and capital markets to more accurately assess the performance and strategies of Expedia s remaining businesses and TripAdvisor s business.

The Spin-Off Will Enhance the Effectiveness of Expedia and TripAdvisor s Respective Employee Compensation Structures

The spin-off will enable each of Expedia and TripAdvisor to better align management performance and equity performance. Each of Expedia and TripAdvisor will have pure-play currencies, which will enable each company to incentivize more effectively their respective employees with bonus and equity-based compensation, the value of which may be more directly tied to the performance of their particular businesses.

Tax Considerations

The Expedia Board of Directors took into account its expectation that the spin-off generally will not be taxable for U.S. federal income tax purposes to Expedia or TripAdvisor, or to holders of Expedia common stock or Expedia Class B common stock, except to security holders who receive cash in lieu of fractional shares in connection with the one-for-two reverse stock split of Expedia common stock and Expedia Class B common stock that Expedia expects to complete immediately prior to the spin-off. Furthermore, the Expedia Board of Directors was aware and considered that both Expedia s and TripAdvisor s ability to engage in significant issuances of equity securities could be limited or restricted after the spin-off to preserve the tax free nature of the spin-off to Expedia. For further discussion, see Material U.S. Federal Income Tax Consequences of the Spin-Off.

Risk Factors

The Expedia Board of Directors considered other potential risks and consequences to Expedia and to TripAdvisor associated with the spin-off, including those described in Risk Factors Risk Factors Relating to the Spin-Off, but believed that the considerations described above outweighed those risks. These potential risks and consequences included, among others, that:

- the expected benefits from the spin-off may not be achieved;
- the synergies that Expedia achieves with all of its businesses under the same corporate structure will cease to exist with regard to the TripAdvisor businesses following the spin-off;
- after the spin-off, TripAdvisor may be unable to make the changes necessary to operate effectively as an independent public entity and will incur increased costs relating to operating as an independent public company that could cause its cash flow and results of operations to decline;
- conflicts of interests or the appearance thereof may develop between Expedia and TripAdvisor, including with respect to the management and directors of Expedia, on the one hand, and the management and directors of TripAdvisor, on the other hand; and
- additional risks and uncertainties with respect to Expedia s and TripAdvisor s securities and each of their businesses following the spin-off will exist.

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Special Committee

The Expedia Board of Directors took into account the conclusions and recommendation of the Expedia Special Committee of the Board with respect to any arrangements proposed to be entered into in connection with the spin-off among the applicable company, on the one hand, and Mr. Diller and/or Liberty, on the other hand, (taking into account that certain arrangements which relate to the applicable company are as between Mr. Diller and Liberty solely) and any other terms of the spin-off that could involve potential conflicts of interest but not including the financial and any other terms of the spin-off. See Recommendation of Special Committee of Expedia s Board of Directors.

Recommendation of Special Committee of Expedia s Board of Directors

On April 7, 2011, the Expedia Board of Directors established a Special Committee of independent and disinterested directors to review any governance arrangements proposed to be entered into among the applicable company or any of its subsidiaries, on the one hand, and Mr. Diller and/or Liberty, on the other hand, (taking into account that certain arrangements which relate to the applicable company are as between Mr. Diller and Liberty solely) in connection with the spin-off and any other terms of the spin-off that could involve potential conflicts of interest but not including the financial and any other terms of the spin-off to be decided by the full Expedia Board of Directors, and to make a recommendation to the Expedia Board of Directors with respect to these matters. The Special Committee, consisting of Messrs. Battle, Dolgen, Jacobson, Kern and Tazón, engaged Kirkland & Ellis LLP as independent counsel on April 20, 2011. The ultimate determination to proceed with the proposed spin-off transaction was the decision of the full Board of Directors, and the Special Committee was not asked to, and did not, make any independent recommendation as to the underlying business decision to proceed with the proposed spin-off transaction. The Special Committee and its counsel convened on numerous occasions to discuss the governance arrangements proposed to be entered into in connection with the spin-off. In addition, the Special Committee and its counsel had regular discussions with Wachtell, Lipton, Rosen & Katz, Expedia s special counsel, as well as Baker Botts L.L.P., Liberty s counsel.

At the outset of its review, the Special Committee examined the existing ownership and control and governance arrangements among Expedia and its controlling stockholders, Liberty and Mr. Diller. In the course of such review, the Special Committee considered whether or to what extent TripAdvisor should replicate such arrangements as an independent public company. The existing arrangements at Expedia examined by the Special Committee included:

- Control by Mr. Diller of the outcome of all matters submitted to a vote or for the consent of Expedia s stockholders (other than with respect to the election by the holders of Expedia common stock of 25% of the members of Expedia s Board of Directors and matters as to which Delaware law requires a separate class vote of the holders of Expedia common stock or Expedia preferred stock);

- The requirement that each of Mr. Diller and Liberty consent to certain significant corporate matters in the event that Expedia incurs indebtedness as a result of which its ratio of total debt to EBITDA (earnings before interest, taxes, depreciation and amortization) equals or exceeds 8:1;

- Liberty s right to nominate up to 20% of Expedia s directors subject to Liberty s minimum equity ownership requirements;

- Liberty obtaining effective voting control (based on Liberty s current ownership of Expedia capital stock) upon the date Mr. Diller ceases to serve in his capacity as chairman at Expedia or becomes disabled and the resulting elimination of the proxy on Liberty s shares of Expedia common stock and Expedia Class B common stock;

- Restrictions on the transfer of Expedia common stock and Class B common stock by Mr. Diller and Liberty to unaffiliated third parties, including rights of first refusal rights, tag-along rights and swap rights (as described below);

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Mr. Diller s right to purchase at fair market value or swap his shares of common stock of Expedia for such number of shares of Class B common stock proposed to be transferred by Liberty to an unaffiliated third party;

The requirement that, to the extent Mr. Diller does not exercise his right to purchase at fair market value or swap his shares of common stock of Expedia for all shares of Class B common stock proposed to be transferred, such shares must first be converted into shares of common stock before being transferred to an unaffiliated third party; and

The fact that the requirement to convert such remaining shares of Class B common stock (as described above) is provided by the Stockholders Agreement, to which Expedia is not a party, and thus could potentially be waived by Mr. Diller or modified without Expedia s consent.

Upon its preliminary review of the existing ownership and control and governance arrangements among Expedia and its controlling stockholders, the Special Committee considered newly introduced proposed changes to the existing governance arrangements at Expedia, which had been previously negotiated by Liberty and Mr. Diller in the course of their discussions regarding the spin-off. The proposed changes included:

Allowing Liberty to spin-off or split-off its entire equity interest in Expedia and/or TripAdvisor to Liberty s public stockholders (a Distribution Transaction) free of many of the current transfer restrictions in the Expedia governance arrangements (including Mr. Diller s tag-along right, right of first refusal and ability to require the swap and/or conversion of Liberty s Class B common stock before transfer to a third party, all as further described under Proposal 1 The Spin-Off Proposal Governance Arrangements at Expedia and TripAdvisor), and without the application of state law anti-takeover provisions or other anti-takeover measures, in which the spun-off or split-off company would be required to assume all of Liberty s obligations and would succeed to Liberty s rights under the applicable governance agreement and stockholders agreement; and

At a time when Mr. Diller continues to hold a proxy over Liberty s shares in the applicable company and for so long as Liberty s equity ownership in the applicable company does not exceed 30% of the total equity securities of the applicable company, allowing Liberty to sell its entire equity interest, but not less than its entire equity interest, in Expedia and/or TripAdvisor to a non-affiliated third-party (a Block Sale) without the application of state law anti-takeover provisions or other anti-takeover measures (including shareholder rights plans). In connection with such a Block Sale, over a two-year period, Mr. Diller would be permitted to acquire from the applicable company any Class B common stock which he had the right to acquire (but did not acquire) from Liberty through the exercise of his existing exchange rights at the time of the Block Sale.

As part of the Special Committee s review of the proposed structure for TripAdvisor, the Special Committee considered several different governance alternatives for TripAdvisor following the spin-off as well as the controlling stockholders proposals for modifications to the Expedia and corresponding TripAdvisor governance arrangements. The Special Committee also considered whether any modifications it suggested to the proposed TripAdvisor structure should also be made to Expedia s existing governance arrangements. The overall alternatives included the following:

Revising the Expedia governance arrangements to reflect some or all of the proposals made by Liberty and Mr. Diller and duplicating such modified governance structure at TripAdvisor;

Revising the Expedia governance arrangements to reflect some or all of the proposals made by Liberty and Mr. Diller, subject to certain modifications proposed by the Special Committee, and duplicating such modified governance structure at TripAdvisor;

Preserving the status quo at Expedia and duplicating this governance structure at TripAdvisor;

Seeking to provide TripAdvisor with a traditional public company governance structure; and

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Formulating a new governance structure that would incorporate some of the Expedia governance and stockholder arrangements with the traditional public company governance structure.

The Special Committee preliminarily concluded that it could support generally the second alternative identified above. The Special Committee s proposed governance modifications included, among other things, the imposition of standstill and other anti-takeover restrictions on Liberty s transferee in a Block Sale. Furthermore, the Special Committee contemplated imposing restrictions on Liberty upon Mr. Diller s ceasing to control the applicable company, which its counsel discussed with special counsel to Expedia. The Special Committee also proposed that the applicable company be party to the applicable stockholders agreement or, alternatively, that any amendments to, or waivers by Mr. Diller of, certain of his rights in the applicable stockholders agreement would require the consent of the applicable company, to be exercised by a committee of independent directors. In addition, the Special Committee recommended that, independent of any governance changes, the spin-off transaction should be conditioned upon approval by the holders of a majority of the outstanding shares of Expedia common stock, other than shares owned or controlled by Expedia management (which include the shares owned or controlled by Liberty, over which Mr. Diller holds a proxy as of the record date).

In the course of discussions regarding these alternatives and modifications to the proposed changes, Mr. Diller and Liberty noted that Expedia s spin-off from IAC/InterActiveCorp in 2005 had been conditioned on approval by holders of a majority of the shares of IAC common stock (other than shares owned or controlled by IAC management) actually voting on the spin-off proposal, and not a majority of those shares outstanding. However, Mr. Diller and Liberty indicated that they would be willing to consider conditioning the spin-off of TripAdvisor on the standard proposed by the Special Committee. Liberty also indicated that it would be willing to accept, and Mr. Diller indicated he could support, the imposition of additional restrictions on Liberty s transferee in a Block Sale if the limitations would terminate in certain agreed circumstances and the transferee would have a means to nominate directors in light of the proposed standstill provision restricting proxy fights by the Block Sale transferee. With respect to the Special Committee s recommendation that any amendments to, or waivers by Mr. Diller of, certain of his rights in the applicable stockholders agreement would require the consent of the applicable company, to be exercised by a committee of independent directors, Mr. Diller and Liberty conveyed their view that, in light of the purpose of the Stockholders Agreement to govern the relationship solely between the stockholders, but not their relationship with Expedia, the request seemed inconsistent with the historical practice of the parties and did not seem appropriate.

While the Special Committee appreciated that the proposed changes, which enhanced liquidity benefits to Liberty, would result in large part from Mr. Diller s relinquishing his personal rights under the existing governance arrangements and that Mr. Diller had indicated his willingness to support such changes, the Special Committee also considered the potential disadvantages (including the loss of substantial anti-takeover protections) of providing an advance waiver under Delaware s interested stockholder statute to a currently unidentified third-party transferee of Liberty. The Special Committee determined that such compromise of statutory anti-takeover protections could be significantly mitigated by the transferee s agreement to a contractual analogue to Delaware s interested stockholder statute, waivable only by a committee of independent directors, as well as the fact that Liberty s rights in connection with a Block Sale would apply only while Mr. Diller continues to hold a proxy over Liberty s shares. Special counsel to Expedia and counsel to Liberty informed counsel to the Special Committee that Mr. Diller and Liberty were unlikely to agree to grant Expedia and/or TripAdvisor broad consent rights over amendments and waivers under the applicable stockholders agreement. Nevertheless, considering Expedia s dual class stock structure, the Special Committee viewed the possibility of obtaining Mr. Diller s agreement not to waive Liberty s obligation (under specified circumstances) to convert its Class B common stock into common stock as an essential benefit to, and potential protection of the public stockholders.

Further discussions ensued between the Special Committee and its counsel, Expedia management, Liberty, special counsel to Expedia and Liberty s counsel regarding the Special Committee s requests. In the course of these discussions, it was agreed that certain restrictions would be imposed on the third-party transferee in a Block Sale. It was further agreed that Expedia and TripAdvisor (by way of a committee of independent directors) would

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be granted a consent right over waivers by Mr. Diller of the provisions of the applicable stockholders agreement requiring Liberty to convert shares of Class B common stock into shares of common stock in the event of a transfer of such shares of Class B common stock to an unaffiliated third party. Additionally, the Special Committee requested, and Mr. Diller agreed, that his two-year period to acquire shares of Class B common stock following a Block Sale by Liberty described above would be suspended immediately upon the entry by the applicable company into a merger agreement providing for a merger that constitutes a change of control of the applicable company, and would terminate irrevocably upon the consummation of a tender or exchange offer for securities representing a majority of the total voting power of the applicable company or a merger that constitutes a change of control of the applicable company. Additional proposals to modify the existing governance arrangements were then discussed amongst Mr. Diller, Liberty, special counsel to Expedia and Liberty s counsel.

Following these discussions, the Special Committee preliminarily determined that, subject to the affirmative vote of the holders of a majority of the outstanding shares of Expedia common stock, other than shares owned or controlled by Expedia management (which include the shares owned or controlled by Liberty, over which Mr. Diller holds a proxy as of the record date), it could support a spin-off transaction that effectively duplicated the existing Expedia governance arrangements at TripAdvisor, with changes to the Expedia governance arrangements (and corresponding changes to the TripAdvisor governance arrangements) as agreed to with Mr. Diller and Liberty. The Special Committee s preliminary determination reflected a careful evaluation and balancing of the potential benefits and detriments of the various governance arrangement alternatives, and recognition of the following factors:

- Many elements of the proposed structure for TripAdvisor reflect the status quo at Expedia and all of the material terms of the structure would be described in this proxy statement/prospectus;

- Expedia s filings with the SEC and other public statements historically have included disclosure regarding Expedia s governance and stockholder arrangements, and Expedia stockholders and other investors have accepted those arrangements as part of their investment decision;

- With respect to changes to the Expedia governance arrangements (and corresponding changes to the TripAdvisor governance arrangements) proposed by Mr. Diller and Liberty, the parties agreed to incorporate a number of restrictions on such changes as requested by the Special Committee, including, among other things:

(i) comprehensive standstill and anti-takeover restrictions replicating the protections afforded to shareholders by Delaware s interested stockholder statute on a third-party transferee in a Block Sale;

(ii) the applicable company s right to require Mr. Diller to enforce the conversion of Class B common stock into shares of common stock in the event of any transfer by Liberty of such shares of Class B common stock to an unaffiliated third party; and

(iii) a suspension of Mr. Diller s two-year period right to acquire shares of Class B common stock following a Block Sale by Liberty upon the execution of a change of control transaction agreement and irrevocable termination in the event of a completed change of control merger or tender offer transaction of the applicable company.

- Liberty has maintained its investment in Expedia based in large measure on the governance arrangements that Expedia currently maintains; and

- Approval of the spin-off proposal requires the affirmative vote of holders of a majority of the outstanding shares of Expedia common stock, other than shares owned or controlled by Expedia management (which include the shares owned or controlled by Liberty, over which Mr. Diller holds a proxy as of the record date).

Prior to a special meeting of the Expedia Board of Directors at which the Special Committee was scheduled to make a recommendation regarding the spin-off and corporate governance arrangements to the full Expedia Board of

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Directors, further discussion ensued among the counsels to Liberty, Mr. Diller and the Special Committee regarding the following additional changes to the corporate governance arrangements proposed by Liberty and Mr. Diller:

Eliminating Mr. Diller s and Liberty s reciprocal tag-along rights on sales of common stock from the Expedia Stockholders Agreement (and not providing for such rights in the TripAdvisor Stockholders Agreement);

Eliminating certain limitations in the applicable stockholders agreement on Liberty s ability to hedge its shares, with the revised stockholders agreements to prohibit Liberty from hedging any shares of Class B common stock (requiring Liberty to first convert any shares of Class B common stock to be used in a hedging transaction to common stock, subject to Mr. Diller s swap rights as described below), and require that any shares used for hedging remain subject to Mr. Diller s irrevocable proxy until such time as Liberty has neither legal or beneficial ownership nor economic interest in the shares. In addition, Liberty would agree to give the applicable company one full business days notice of any material hedging transactions; and

Allowing Liberty to transfer one of its demand registration rights with respect to the applicable company to an unaffiliated third party transferee that does not upon the transfer own more than 5% of the outstanding equity securities of such applicable company, if in the transfer the transferee acquires at least $250 million in market value of the applicable company s equity securities.

The Special Committee indicated that it could not finally conclude its consideration of the proposed governance arrangements with these additional changes prior to the scheduled meeting of the Expedia Board of Directors. At the Board meeting, the Special Committee informed the full Board of Directors that it was in fundamental agreement with the package of corporate governance arrangements previously discussed, and that it would recommend proceeding with the spin-off transaction, subject to the resolution of the remaining items, as to which the Special Committee believed an acceptable accord could be reached, and provided that the spin-off be conditioned on the approval of the spin-off proposal by a majority of the outstanding shares of Expedia common stock, other than shares owned or controlled by Expedia management (which include the shares owned or controlled by Liberty, over which Mr. Diller holds a proxy as of the record date). On the basis of the Special Committee s recommendation, the full Expedia Board of Directors approved proceeding with the spin-off, subject to resolution of the remaining items to the Special Committee s satisfaction and on the basis that the spin-off would be conditioned on the additional stockholder vote recommended by the Special Committee.

The Special Committee then examined the existing ownership, control and governance arrangements among Expedia and its controlling stockholders, Liberty and Mr. Diller, being modified by the additional proposals including:

Certain hedging transactions permitted to be effected by Liberty and the extent to which such permissible hedging transactions are subject to restrictions and exempt from Mr. Diller s tag-along rights in connection with a transfer to an unaffiliated third party; and

Demand registration rights of Mr. Diller and Liberty.

The Special Committee then reviewed the additional proposals and independent counsel to the Special Committee proposed several adjustments to the latest proposal, including limiting the demand registration rights for certain of Liberty s transferees to one demand of up to $100 million of common stock as well as additional restrictions on Liberty s hedging transactions for the benefit of the applicable company. Further discussions ensued between the Special Committee and its counsel, Expedia management, Liberty, special counsel to Expedia and Liberty s counsel regarding the Special Committee s requests. Upon the acceptance by Mr. Diller and Liberty of many of the Special Committee s adjustments to the additional proposals of Liberty and Mr. Diller, the Special Committee met, approved the supplemental remaining items and re-approved the fundamental agreement previously recommended to the full Board of Directors. The independent counsel to the Special Committee then reported to the special counsel to Expedia that no change to its recommendation would be necessary.

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Recommendation of Expedia s Board of Directors

Based upon the factors described under Background and Reasons for the Spin-Off and, with respect to aspects of the proposed spin-off that could involve potential conflicts of interest, the recommendation of the Special Committee, Expedia s Board of Directors has determined that the adoption of the spin-off proposal and the spin-off (including the amendments to Expedia s amended and restated certificate of incorporation that will effectuate the spin-off) are in the best interests of Expedia and its stockholders.

ACCORDINGLY, THE EXPEDIA BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE SPIN-OFF PROPOSAL.

Review of Financial Advisors

J.P. Morgan Securities LLC and Goldman, Sachs & Co. each acted as financial advisors to Expedia in connection with the spin-off. Each of J.P. Morgan and Goldman Sachs was retained in connection with the transaction because of the firm s familiarity with Expedia s and TripAdvisor s businesses and assets and the firm s qualifications and reputation. In connection with the transaction, Expedia s financial advisors will receive compensation to be negotiated, consistent with Expedia s prior practices, for services rendered.

In connection with the spin-off, Expedia expects that its Board of Directors will receive a solvency opinion regarding Expedia immediately prior to the completion of the spin-off.

Interests of Certain Persons in the Spin-Off

In considering the recommendation of Expedia s Board of Directors to vote in favor of the spin-off, stockholders of Expedia should be aware that directors and executive officers of Expedia have interests in the spin-off that may be in addition to or different from the interests of stockholders generally. The Expedia Board of Directors was aware of these interests and considered them, among other factors, in approving the spin-off.

Equity Ownership

Certain of Expedia s directors and executive officers currently own shares of Expedia common stock, Expedia restricted stock units and/or options to purchase shares of Expedia common stock. In the spin-off, these directors and executive officers will receive reclassified shares of Expedia common stock, shares of TripAdvisor common stock, adjusted restricted stock units and/or options to purchase shares of Expedia common stock and restricted stock units and/or options to purchase shares of TripAdvisor common stock in respect of the Expedia securities that they currently own. See Treatment of Outstanding Expedia Compensatory Equity-Based Awards.

Arrangements Among Messrs. Diller, Khosrowshahi and Kaufman with Expedia and TripAdvisor

Mr. Diller will remain Chairman of the Board and Senior Executive of Expedia and will become Chairman of the Board and Senior Executive of TripAdvisor. Mr. Khosrowshahi will remain President, Chief Executive Officer and a director of Expedia and will become a director of TripAdvisor. Mr. Kaufman will remain Vice Chairman and a director of Expedia and will become a director of TripAdvisor.

Governance Arrangements at Expedia and TripAdvisor

Governance Agreements with Liberty and Mr. Diller

Expedia, Liberty Interactive Corporation and Mr. Diller intend to enter into a new amended and restated governance agreement which we refer to in this proxy statement/prospectus as the Expedia Governance Agreement that will take effect upon completion of the spin-off and will replace the governance agreement dated August 9, 2005, as amended on June 19, 2007.

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TripAdvisor, Liberty and Mr. Diller intend to enter into a governance agreement, which we refer to in this proxy statement/prospectus as the TripAdvisor Governance Agreement, that will become effective upon completion of the spin-off.

The description below sets forth the material terms of the Expedia Governance Agreement and the TripAdvisor Governance Agreement. Because these two agreements are identical in all material respects, the following description applies to each of Expedia and TripAdvisor (in each case, the applicable company) other than in instances in which the description specifically identifies Expedia or TripAdvisor. The following description does not purport to cover all the provisions of the Expedia Governance Agreement and the TripAdvisor Governance Agreement, and is qualified in its entirety by reference to the applicable agreements, which Expedia and TripAdvisor will file with the SEC when Expedia and TripAdvisor enter into these agreements. Share information set forth below gives effect to the one-for-two reverse stock split that Expedia expects to complete immediately prior to the spin-off.

Representation of Liberty on the Expedia and TripAdvisor Boards of Directors

Under the terms of the applicable governance agreement:

- Liberty has the right to nominate up to such number of directors of the applicable company as is equal to 20% of the total number of directors on the Board of Directors of the applicable company (rounded up to the next whole number if the total number of directors on the Board of Directors is not an even multiple of 5) so long as Liberty beneficially owns at least 16,825,982 equity securities of the applicable company (so long as Liberty s ownership percentage is at least equal to 15% of the total equity securities of the applicable company);

- Liberty has the right to nominate one director of the applicable company so long as Liberty beneficially owns at least 11,217,321 equity securities of the applicable company (so long as Liberty owns at least 5% of the total equity securities of the applicable company); and

- The applicable company will use its reasonable best efforts to cause one of Liberty s designees to be a member of a committee of the Board of Directors of the applicable company and, to the extent the person designated by Liberty would qualify as a member of the compensation committee of the Board of Directors of the applicable company under applicable tax and securities laws and regulations, the applicable company will seek to have that person appointed to the compensation committee of the applicable company.

Pursuant to the terms of the applicable governance agreement, the applicable company will cause each director that Liberty nominates to be included in the slate of nominees recommended by the Board of Directors of the applicable company to the stockholders of the applicable company for election as directors at each annual meeting of the stockholders of the applicable company and will use all reasonable efforts to cause the election of each such director including soliciting proxies in favor of the election of such persons. Liberty has the right to designate a replacement director to the board of the applicable company in order to fill any vacancy of a director previously designated by Liberty. Liberty would have the right to transfer this ability to nominate candidates to the Board of Directors of the applicable company, subject to the same ownership requirements as Liberty s current nomination rights, to its transferee in a Block Sale (as discussed below), provided that the transferee s nominees are independent directors and are approved by the applicable company s Nominating Committee (or equivalent committee of the Board of Directors of the applicable company).

Contingent Matters

The applicable governance agreement lists certain actions that require the prior consent of Liberty and Mr. Diller before the applicable company can take any such action. This proxy statement/prospectus refers to these actions as Contingent Matters.

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For so long as:

- in the case of Liberty, Liberty owns at least 14,956,428 equity securities and at least 5% of the total equity securities of the applicable company (the Liberty Condition); and
- in the case of Mr. Diller, he owns at least 2,500,000 common shares (including options to purchase common shares of the applicable company, whether or not then exercisable), continues to serve in his capacity as chairman at the applicable company and has not become disabled (the Diller Condition, and together with the Liberty Condition, the Consent Conditions),

the applicable company has agreed that, without the prior approval of Liberty and/or Mr. Diller, as applicable, it will not engage in any transaction that would result in Liberty or Mr. Diller having to divest any part of their interests in the applicable company or any other material assets, or that would render any such ownership illegal or would subject Mr. Diller or Liberty to any fines, penalties or material additional restrictions or limitations.

In addition, for so long as the Consent Conditions apply, if the applicable company (or any of its subsidiaries) incurs any indebtedness, other than customary refinancing, after which such company s total debt ratio (as defined in the applicable governance agreement) equals or exceeds 8:1, then for so long as the total debt ratio continues to equal or exceed 8:1, the applicable company may not take any of the following actions without the prior approval of Liberty and/or Mr. Diller:

- acquire or dispose of any assets, issue any debt or equity securities, repurchase any debt or equity securities, or incur indebtedness, if the aggregate value of such transaction or transactions (alone or in combination) during any six month period equals 10% or more of the applicable company s market capitalization;
- voluntarily commence any liquidation, dissolution or winding up of the applicable company or any material subsidiary of the applicable company;
- make any material amendments to the certificate of incorporation or bylaws of the applicable company;
- in the case of TripAdvisor, engage in any line of business other than online and offline travel media and related businesses, or other businesses engaged in by TripAdvisor as of the date of determination of the total debt ratio;
- in the case of Expedia, engage in any line of business other than online and offline travel services and products and related businesses, or other business engaged in by Expedia as of the date of determination of the total debt ratio;
- adopt any stockholder rights plan that would adversely affect Liberty or Mr. Diller, as applicable; or
- grant additional consent rights to a stockholder of the applicable company.

Preemptive Rights

In the event that the applicable company issues or proposes to issue any shares of common stock or Class B common stock (with certain limited exceptions) including shares issued upon exercise, conversion or exchange of options, warrants and convertible securities, Liberty will have preemptive rights that entitle it to purchase a number of common shares of the applicable company so that Liberty will maintain the identical ownership interest in the applicable company that Liberty had immediately prior to such issuance or proposed issuance (but not in excess of 20.01%). Any purchase by Liberty will be allocated between common stock and Class B common stock in the same proportion as the issuance or issuances giving rise to the preemptive right, except to the extent that Liberty opts to acquire shares of common stock in lieu of shares of Class B common stock.

Registration Rights

Liberty and Mr. Diller are entitled to customary, transferable registration rights with respect to shares of common stock of the applicable company owned by them. Liberty is entitled to four demand registration rights

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and Mr. Diller is entitled to three demand registration rights. The applicable company will pay the costs associated with such registrations (other than underwriting discounts, fees and commissions). The applicable company will not be required to register shares of its common stock if a stockholder could sell the shares in the quantities proposed to be sold at such time in one transaction under Rule 144 of the Securities Act or under another comparable exemption from registration.

In connection with a transfer of securities of the applicable company to an unaffiliated third party, Liberty may assign any of its then-remaining demand registration rights to the third party transferee, if upon the transfer the transferee acquires beneficial ownership of more than 5% of the outstanding equity securities of the applicable company. If upon the transfer the transferee acquires beneficial ownership of equity securities of the applicable company representing less than 5% of the outstanding equity securities, but having at least $250 million in then-current market value, Liberty may assign one of its remaining demand registration rights, which the transferee may exercise only in connection with an offering of shares of common stock of the applicable company having $100 million or more in market value.

Inapplicability of Anti-Takeover Provisions to Distribution Transaction or Block Sale

The applicable company will not implement any anti-takeover provision (including any shareholder rights plan):

- that would be triggered by a Distribution Transaction (as discussed below) or the acquisition, up to a 30% ownership level, of shares in a Block Sale (as discussed below) made by Liberty;

- under which a Distribution Transaction or the acquisition, up to a 30% ownership level, of shares in a Block Sale would cause the spun-off/split-off entity in the Distribution Transaction or the Block Sale transferee to become an acquiring person under the company s shareholder rights plan; or

- that would impose material economic burdens on the beneficial ownership of the Expedia or TripAdvisor equity securities received by the spun-off or split-off company in a permitted Distribution Transaction.

In addition, the Board of Directors of the applicable company will approve the transfer of Class B common stock and common stock in a Distribution Transaction or Block Sale (up to a 30% ownership level) for purposes of Section 203 of the Delaware General Corporation Law, or Section 203 of the DGCL, which is the prohibition on transactions with interested stockholders under Delaware state law. In the case of a Block Sale, however, such approval for purposes of Section 203 of the DGCL will be subject to the imposition of contractual restrictions on the Block Sale transferee analogous to the provisions of Section 203 of the DGCL (as further described below).

Restrictions on Block Sale Transferee

For three years following a Block Sale by Liberty, the transferee will be subject to the following restrictions with regard to the applicable company, unless the restrictions terminate early in the circumstances discussed below:

- an ownership cap set at 30% of the total equity securities of the company (which would apply to any group of which the transferee is a member);

- specified standstill restrictions limiting the transferee s ability, at such time as any directors nominated by the transferee are serving on the Board of Directors, to, among other things, engage in proxy contests, propose transactions involving the company, form a group (as defined in the Securities Exchange Act of 1934) or influence the management of the company. These restrictions, other than the prohibition on proxy contests, would terminate with respect to the company if the transferee relinquishes all rights to nominate directors under the applicable governance agreement; and contractual provisions analogous to the provisions of Section 203 of the DGCL that would prohibit the transferee from engaging in specified business combination transactions with the company without the prior approval by the applicable company, acting through a committee of independent directors.

The contractual provisions mirroring Section 203 of the DGCL would not apply to the transferee if upon the Block Sale it holds less than 15% of the voting securities (as determined pursuant to Section 203 of the DGCL) of the applicable company, subject to any shares of common stock that Mr. Diller holds being treated as if they were shares of Class B common stock if, at the relevant time, Mr. Diller has the right to exchange those shares of common stock with the applicable company for shares of Class B common stock, as discussed below. However, if these contractual provisions become applicable at the time of the Block Sale, they will continue in effect even if the transferee s ownership of voting securities in the applicable company subsequently falls below 15%. The standstill restrictions and 30% ownership cap, as well as the termination provisions, would apply to subsequent transferees of the shares transferred in a prior Liberty Block Sale, but in any event would not extend past the third anniversary of the original Liberty Block Sale. With respect to such subsequent transferees of the shares transferred in a prior Liberty Block Sale, the statutory (rather than contractual) anti-takeover restrictions of Section 203 of the DGCL would apply subject to their waiver, at the time of a transfer, by the applicable company, acting through a committee of independent directors.

Prior to the expiration of the three year term, the standstill restrictions, including the cap on ownership described above, would terminate at the earlier of (i) Mr. Diller actually owning securities representing more than 50% of the total voting power of the applicable company or (ii) the Block Sale transferee beneficially owning (as defined in the stockholders agreement for the applicable company) securities representing less than 12% of the total voting power of the applicable company and Mr. Diller beneficially owning (as defined in the stockholders agreement for the applicable company) securities representing more than 40% of the total voting power of the applicable company. For this purpose, securities actually owned by Mr. Diller will include all securities of the applicable company held by Mr. Diller, plus those shares of Class B common stock for which Mr. Diller has a right to swap his shares of common stock (as discussed below) but for which he has not exercised the swap right, minus the securities Mr. Diller currently holds but would need to exchange for the Class B common stock in such swap right.

All of the above restrictions may be waived at any time, but only by the applicable company, acting through a committee of independent directors.

Other Block Sale Provisions

Any Block Sale by Liberty within the two years immediately following the completion of the TripAdvisor spin-off will require the consent of Expedia and TripAdvisor. Expedia and TripAdvisor will agree not to withhold their consent if they determine in good faith (a) that a safe harbor exists for the Block Sale under Section 355(e) of the Code or (b) that during the two years immediately prior to the TripAdvisor spin-off there were no substantial negotiations regarding the Block Sale.

If Mr. Diller does not acquire from Liberty all shares of Class B common stock proposed to be transferred in a Block Sale through the exercise of his swap rights or right of refusal under the applicable stockholders agreement (resulting in such Class B common stock of Liberty being converted into, or exchanged for, shares of common stock of the applicable company before the Block Sale), for a period of two years after the Block Sale, Mr. Diller will have the right from time to time to acquire from the applicable company an equal number of shares of Class B Common Stock held in treasury, either by purchase at fair market value, through an exchange of an equivalent number of shares of common stock, or a combination thereof. Mr. Diller may exercise this right either alone or in conjunction with one or more third-parties so long as Mr. Diller retains voting control over the Class B common stock acquired. Prior to the two year period following a Block Sale, Mr. Diller s right to acquire Class B common stock from the applicable company will be suspended immediately upon the entry by the applicable company into a merger agreement providing for a merger that constitutes a change of control of the

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applicable company, and will terminate irrevocably upon the consummation of a tender or exchange offer for securities representing a majority of the total voting power of the applicable company or a merger that constitutes a change of control of the applicable company.

Certain Waivers

During the term of a stockholders agreement, without the applicable company s consent (to be exercised by a committee of independent directors), Mr. Diller will not waive Liberty s obligation under the applicable stockholders agreement to convert its shares of Class B common stock to shares of common stock in specified circumstances. This consent right is not applicable if the applicable stockholders agreement is terminated for any reason or if Mr. Diller no longer has any rights under the applicable stockholders agreement.

Termination

Generally, the applicable governance agreement will terminate:

- with respect to Liberty, at such time that Liberty beneficially owns equity securities representing less than 5% of the total equity securities of the applicable company; and

- with respect to Mr. Diller, at the later of (1) the date Mr. Diller ceases to be the chairman of the applicable company or becomes disabled and (2) the date Mr. Diller no longer holds a proxy to vote the shares of Liberty (as described below).

With respect to the provisions governing Contingent Matters, such provisions will terminate as to Mr. Diller and Liberty as set forth under Contingent Matters.

Stockholders Agreements

General

Liberty and Mr. Diller intend to enter into a new amended and restated stockholders agreement, which we refer to in this proxy statement/prospectus as the Expedia Stockholders Agreement, that will take effect upon completion of the spin-off and will replace the stockholders agreement dated August 9, 2005.

Liberty and Mr. Diller intend to enter into a stockholders agreement, which we refer to in this proxy statement/prospectus as the TripAdvisor Stockholders Agreement, that will become effective upon completion of the spin-off. The TripAdvisor Stockholders Agreement will mirror the provisions of the new amended and restated Expedia Stockholders Agreement in most material respects.

The description below sets forth the material terms of the Expedia Stockholders Agreement and the TripAdvisor Stockholders Agreement. Because these two agreements are identical in all material respects, the following description applies to each of Expedia and TripAdvisor (in each case, the applicable company) other than in instances in which the description specifically identifies Expedia or TripAdvisor. The following description does not purport to cover all the provisions of the Expedia Stockholders Agreement and the TripAdvisor Stockholders Agreement, and is qualified in its entirety by reference to those agreements, which Expedia and TripAdvisor will file with the SEC when Expedia and TripAdvisor enter into these agreements.

Share information set forth below gives effect to the one-for-two reverse stock split that Expedia expects to complete immediately prior to the spin-off.

Corporate Governance

Effective upon completion of the spin-off, Mr. Diller will hold an irrevocable proxy with respect to all securities of the applicable company beneficially owned by Liberty on all matters submitted to a stockholder vote

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or by which the stockholders may act by written consent, except for Contingent Matters with respect to which Liberty has not consented, so long as Mr. Diller continues to own at least 2,500,000 common shares (including options) of the applicable company. The proxy will generally remain in effect until the earlier of (1) Mr. Diller no longer serving in his capacity as chairman at the applicable company and (2) Mr. Diller becoming disabled. Under certain limited circumstances, including a breach by Mr. Diller of certain provisions of the applicable agreement, the proxy may terminate sooner.

Liberty and Mr. Diller will vote against any Contingent Matter with respect to the applicable company if Mr. Diller and Liberty do not approve the Contingent Matter (and continue to have veto rights with respect to the Contingent Matter under the applicable governance agreement). Mr. Diller will also vote all securities of the applicable company over which he has voting control in favor of the Liberty designees to the board of directors of the applicable company.

Restrictions on Transfers

Until the later of (1) the date Mr. Diller no longer serves in his capacity as chairman at the applicable company and (2) the date Mr. Diller no longer holds the proxy to vote Liberty s shares of the applicable company described above (or upon Mr. Diller becoming disabled, if that occurs first), and subject to the other provisions of the applicable stockholders agreement, neither Liberty nor Mr. Diller may transfer shares of common stock or Class B common stock of the applicable company, other than:

- transfers by Mr. Diller to pay taxes relating to the granting, vesting and/or exercise of stock options to purchase shares of common stock of the applicable company;
- transfers to each party s respective affiliates;
- pledges relating to financings, subject to certain conditions; and
- transfers of options or common shares of the applicable company in connection with cashless exercises of Mr. Diller s options to purchase shares of common stock of the applicable company.

The restrictions on transfer are subject to a number of exceptions (which exceptions are generally subject to the rights of first refusal described below):

- either of Liberty or Mr. Diller may transfer common shares of the applicable company to an unaffiliated third party, subject to tag-along rights described below (in the case of transfers of shares of Class B common stock);
- either of Liberty or Mr. Diller may transfer common shares of the applicable company so long as, in the case of Mr. Diller, he continues to beneficially own at least 1,100,000 common shares (including stock options) of the applicable company and, in the case of Liberty, Liberty continues to beneficially own 1,000,000 common shares of the applicable company;
- either of Liberty or Mr. Diller may transfer common shares of the applicable company so long as the transfer complies with the requirements of Rule 144 or Rule 145 under the Securities Act; and
- Liberty may engage in a Distribution Transaction or Block Sale (as described below).

Tag-Along Rights and Rights of First Refusal

Each of Mr. Diller and Liberty will be entitled to a right to tag-along (i.e., participate on a pro rata basis) on sales by the other of shares of Class B common stock of the applicable company to any unaffiliated third party with limited exceptions. Mr. Diller will not have a tag-along right in connection with a Distribution Transaction by Liberty.

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Each of Mr. Diller and Liberty has a right of first refusal in the case of a proposed transfer by the other of shares of Class B common stock of the applicable company to an unaffiliated third party, subject to specified exceptions, including transfers by Liberty pursuant to a Distribution Transaction.

Transfers of Shares of Expedia and TripAdvisor Class B Common Stock

If either Liberty or Mr. Diller proposes to transfer shares of Class B common stock of the applicable company, the other will have the right to swap any shares of common stock of the applicable company it or he owns for such shares of Class B common stock of the applicable company proposed to be transferred (subject to the rights of first refusal described above). To the extent that, after application of the swap right described in the prior sentence, there remain shares of Class B common stock of the applicable company that the selling stockholder would otherwise transfer to an unaffiliated third party, such shares must first be converted into shares of common stock of the applicable company.

As described above under Governance Agreements with Liberty and Mr. Diller, any waiver by Mr. Diller of Liberty s obligation in the applicable stockholders agreement to convert shares of Class B common stock to shares of common stock before transfer to an unaffiliated third party will be subject to the consent of the applicable company, exercisable through a committee of independent directors, as provided by the applicable governance agreement. This consent right is not applicable if the applicable stockholders agreement is terminated for any reason or if Mr. Diller no longer has any rights under the applicable stockholders agreement.

This transfer restriction does not apply to, among other specified transfers, transfers among the parties and their affiliates, and transfers by Liberty in a Distribution Transaction.

Distribution Transactions

Liberty will be permitted to spin-off or split-off to its public stockholders all (but not less than all) of its equity ownership in the applicable company in a transaction meeting specified requirements (a Distribution Transaction) without first complying with many of the transfer restrictions described above, including Mr. Diller s tag-along right, right of first refusal, swap right and conversion requirement. The spun-off or split-off company will be required to assume all of Liberty s obligations (including the proxy given to Mr. Diller) and will succeed to Liberty s rights under the applicable governance agreement and stockholders agreement (including Liberty s right to nominate candidates to the Board of Directors).

Block Sales

So long as Liberty s equity ownership in the applicable company does not exceed 30% of the total equity securities of the applicable company and Mr. Diller continues to hold a proxy over Liberty s shares in the applicable company, Liberty will be permitted to sell all (but not less than all) of such equity interest in the applicable company to an unaffiliated third party (a Block Sale), subject to prior compliance with Mr. Diller s tag-along right, right of first refusal and swap right, as well as the requirement that Liberty convert shares of Class B common stock to shares of common stock or exchange them for common stock with the applicable company before the block sale.

Prior to any Block Sale, Liberty will be required to exchange and/or convert any shares of Class B common stock proposed to be transferred in such Block Sale, to the extent Mr. Diller does not acquire such shares pursuant to exercise of his right of first refusal or swap rights, for newly-issued common stock of the applicable company (subject to application of relevant securities laws).

Termination

Mr. Diller s and Liberty s rights and obligations under the applicable stockholders agreement generally terminate at such time as, in the case of Mr. Diller, he no longer beneficially owns at least 1,100,000 common

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shares (including stock options) of the applicable company and, in the case of Liberty, Liberty no longer beneficially owns at least 1,000,000 common shares of the applicable company. Liberty s tag-along rights and obligations terminate at such time as Liberty ceases to beneficially own at least 5% of the total equity securities of the applicable company.

In addition, Mr. Diller s rights under the applicable stockholders agreement will terminate upon the later of (1) the date Mr. Diller ceases to serve in his capacity as chairman at the applicable company or becomes disabled and (2) the date Mr. Diller no longer holds a proxy to vote the shares of the applicable company owned by Liberty.

No Appraisal Rights

Under the Delaware General Corporation Law, holders of shares of Expedia common stock, Expedia Class B common stock and Expedia Series A preferred stock will not have appraisal or dissenters rights in connection with the spin-off.

Accounting Treatment

Expedia will account for the spin-off as a discontinuance of the businesses that will constitute TripAdvisor after the spin-off. The measurement date for discontinued operations for accounting purposes will be the effective date of the spin-off. After the spin-off, the assets and liabilities of TripAdvisor will be accounted for at the historical values carried by Expedia prior to the spin-off. Total transaction costs relating to the spin-off are estimated at $9 million, which will be borne 50% by Expedia and 50% by TripAdvisor.

Regulatory Requirements

Expedia is not aware of any material governmental approvals or actions that are necessary for consummation of the spin-off, although Expedia expects to receive the IRS letter ruling referred to below.

Federal Securities Law Consequences

The issuance in connection with the spin-off of the following Expedia securities has been registered under the Securities Act of 1933, as amended (the Securities Act):

- Expedia common stock;
- warrants to purchase shares of Expedia common stock (as adjusted in connection with the spin-off and the one-for-two reverse stock split).

The issuance in connection with the spin-off of the following TripAdvisor securities has been registered under the Securities Act:

- TripAdvisor common stock;
- warrants to purchase shares of TripAdvisor common stock pursuant to adjustments to the outstanding warrants to purchase shares of Expedia common stock.

Upon issuance, these Expedia and TripAdvisor securities may be traded freely and without restriction, except that with respect to securities received by persons who are deemed to be affiliates (as such term is defined under the Securities Act) of Expedia or TripAdvisor, as applicable, such persons may resell their securities only pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144, to the extent available. Persons who may be deemed to be affiliates of Expedia or TripAdvisor, as applicable, are generally defined as individuals or entities that control, are controlled by, or are under common control with, Expedia or TripAdvisor, as applicable, and may include certain executive officers and directors of Expedia and/or TripAdvisor, as applicable.

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Material U.S. Federal Income Tax Consequences of the Spin-Off

The following is a discussion of material U.S. federal income tax consequences of the spin-off to U.S. holders (as defined below) of Expedia common stock. This summary is based on current provisions of the Code, the U.S. Treasury regulations promulgated thereunder and on judicial and administrative interpretations of the Code and the U.S. Treasury regulations, all as in effect as of the date of this proxy statement/prospectus and all of which are subject to change, possibly with retroactive effect. Any such change could affect the accuracy of the statements and conclusions set forth in this document. This discussion assumes that the spin-off, together with certain related transactions, will be consummated in accordance with the separation documents and as described in this proxy statement/prospectus and does not purport to be a complete description of all U.S. federal income tax consequences of the spin-off.

For purposes of this discussion, the term U.S. holder means a beneficial owner of Expedia common stock that is, for U.S. federal income tax purposes: (1) an individual who is a citizen or resident of the United States; (2) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof, or the District of Columbia; (3) an estate, the income of which is subject to U.S. federal income tax regardless of its source; or (4) a trust if (x) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (y) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

The following discussion addresses only holders of Expedia common stock that are U.S. holders and hold such stock as a capital asset within the meaning of Section 1221 of the Code. Further, this summary does not address all aspects of U.S. federal income taxation that may be relevant to a holder in light of such holder s particular circumstances or that may be applicable to holders subject to special treatment under U.S. federal income tax laws (including, but not limited to, financial institutions, brokers or dealers in securities, traders in securities that elect mark-to-market treatment, insurance companies, mutual funds, tax-exempt organizations, partnerships or other flow-through entities and their partners or members, U.S. expatriates, holders liable for the alternative minimum tax, holders whose functional currency is not the U.S. dollar, holders who hold their Expedia common stock as part of a hedge, straddle, constructive sale or conversion transaction, and holders who acquired Expedia common stock pursuant to the exercise of employee stock options or otherwise as compensation). This discussion does not address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010. In addition, no information is provided herein with respect to the tax consequences of the spin-off under any applicable state, local or non-U.S. tax laws or federal laws other than those pertaining to the federal income tax. This discussion does not address the tax consequences to any person who actually or constructively owns more than 5% of Expedia common stock.

If an entity that is treated as a partnership for U.S. federal income tax purposes holds Expedia common stock, the tax treatment of a partner in such entity generally will depend on the status of the partners and the activities of the partnership. If you are a partner in a partnership holding Expedia common stock, please consult your tax advisor.

EXPEDIA STOCKHOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THE SPIN-OFF TO THEM, INCLUDING THE EFFECTS OF U.S. FEDERAL, STATE AND LOCAL, FOREIGN AND OTHER TAX LAWS.

It is a condition to the completion of the spin-off that Expedia obtain a private letter ruling from the IRS along with an opinion of counsel, or alternatively, solely an opinion of counsel, in each case, satisfactory to the Expedia Board of Directors regarding the qualification of the spin-off, together with certain related transactions, as a transaction that is generally tax free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. The IRS private letter ruling, if received, and the opinion of counsel will be based on, among other things, certain facts, assumptions as well as the accuracy of certain representations, statements and

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undertakings that Expedia and TripAdvisor make to the IRS and to counsel. If any of these representations, statements or undertakings are, or become, inaccurate or incomplete, or if Expedia or TripAdvisor breach any of their respective covenants, the IRS private letter ruling, if received, and the opinions of counsel may be invalid.

Moreover, the IRS private letter ruling, if received, will not address all the issues that are relevant to determining whether the spin-off qualifies as a transaction that is generally tax free for U.S. federal income tax purposes. Notwithstanding the IRS private letter ruling, if received, and/or the opinion of counsel, the IRS could determine that the spin-off should be treated as a taxable transaction if it determines that any of the representations, assumptions or undertakings that were included in the request for the IRS private letter ruling or on which the opinion of counsel was based is false or has been violated or if it disagrees with the conclusions in the opinion of counsel that are not covered by the IRS ruling.

In addition to the opinion of counsel to be delivered on the date of the spin-off as described above, in connection with the effectiveness of the registration statement of which this document is a part, Expedia has received a legal opinion from Wachtell, Lipton, Rosen & Katz to the effect that the spin-off, together with certain related transactions, will qualify as a transaction that is generally tax free under Sections 355 and 368(a)(1)(D) of the Code. This opinion is based on representations made by Expedia and on factual assumptions set forth or referred to in the opinion. If any of the representations or assumptions upon which such opinion is based is inconsistent with the actual facts, the U.S. federal income tax consequences of the spin-off could be adversely affected. Unless otherwise indicated, the remainder of this discussion assumes that the spin-off, together with certain related transactions, will qualify as a transaction that is generally tax free under Sections 355 and 368(a)(1)(D) of the Code. Accordingly, and based on this opinion, the following is a discussion of certain material U.S. federal income tax consequences of the spin-off.

The one-for-two reverse stock split and the reclassification of Expedia common stock will generally not be taxable events for U.S. federal income tax purposes and the receipt of the Expedia Series 1 Mandatory Exchangeable Preferred Stock issued pursuant to the reclassification generally will be ignored. The one-for-two reverse stock split, the reclassification of Expedia common stock and the immediate exchange of shares of Expedia Series 1 Mandatory Exchangeable Preferred Stock for shares of TripAdvisor common stock will be treated for U.S. federal income tax purposes as a recapitalization of Expedia common stock and a distribution by Expedia of TripAdvisor common stock to the holders of Expedia common stock.

The following material U.S. federal income tax consequences will generally apply to Expedia, TripAdvisor and Expedia shareholders:

- neither Expedia nor TripAdvisor will generally recognize any gain or loss as a result of the spin-off, and no amount will generally be includible in the income of Expedia or TripAdvisor as a result of the spin-off other than taxable income or gain possibly arising in connection with certain internal restructurings undertaken in connection with the spin-off and with respect to any excess loss account or intercompany transaction required to be taken into account under U.S. Treasury regulations relating to consolidated federal income tax returns;

- an Expedia shareholder will generally not recognize any gain or loss and no amount will be includable in such shareholder s income as a result of the receipt of TripAdvisor common stock pursuant to the spin-off;

- an Expedia shareholder s aggregate tax basis in such shareholder s Expedia common stock and in TripAdvisor common stock received in the spin-off will generally equal such shareholder s aggregate tax basis in its Expedia common stock immediately before the spin-off, allocated between the Expedia common stock and TripAdvisor common stock in proportion to their relative fair market values on the date of the spin-off; and

- an Expedia shareholder s holding period for TripAdvisor common stock received in the spin-off will generally include the holding period for that shareholder s Expedia common stock.

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U.S. Treasury regulations generally provide that if an Expedia shareholder holds different blocks of Expedia common stock (generally shares of Expedia common stock purchased or acquired on different dates or at different prices), the aggregate basis for each block of Expedia common stock purchased or acquired on the same date and at the same price will be allocated, to the greatest extent possible, between the shares of TripAdvisor common stock received in the spin-off in respect of such block of Expedia common stock and such block of Expedia common shares, in proportion to their respective fair market values. The holding period of the shares of TripAdvisor common stock received in the spin-off in respect of such block of Expedia common stock will include the holding period of such block of Expedia common stock. If an Expedia shareholder is not able to identify which particular shares of TripAdvisor common stock are received in the spin-off with respect to a particular block of Expedia common shares, for purposes of applying the rules described above, such shareholder may designate which shares of TripAdvisor common stock are received in the spin-off in respect of a particular block of Expedia common stock, provided that such designation is consistent with the terms of the spin-off. Expedia shareholders are urged to consult their own tax advisors regarding the application of these rules to their particular circumstances.

U.S. Treasury regulations also require each Expedia shareholder who receives TripAdvisor common stock in the spin-off to attach to such shareholder s U.S. federal income tax return for the year in which the TripAdvisor common stock is received a detailed statement setting forth certain information relating to the tax free nature of the spin-off. Within a reasonable period of time after the spin-off, Expedia expects to make available to its shareholders information pertaining to compliance with this requirement.

Material U.S. Federal Income Tax Consequences if the Spin-Off, Together With Certain Related Transactions, Were Taxable

Notwithstanding receipt by Expedia of the IRS private letter ruling and/or the opinion of counsel, the IRS could assert successfully that the spin-off was taxable. In that event, the above consequences would not apply with respect to the spin-off and both Expedia and holders of Expedia common stock who received shares of TripAdvisor common stock in the spin-off could be subject to significant U.S. federal income tax liability, as described below. In addition, certain events that may or may not be within the control of Expedia or TripAdvisor, including extraordinary purchases of Expedia common stock or TripAdvisor common stock, could cause the spin-off not to qualify as tax free to Expedia and/or holders of Expedia common stock. Depending on the circumstances, TripAdvisor may be required to indemnify Expedia for some or all of the taxes and certain related losses resulting from the spin-off not qualifying as tax free under Sections 355 and 368(a)(1)(D) of the Code (see section entitled Proposal 1 The Spin-Off Proposal Relationship Between Expedia and TripAdvisor After the Spin-Off Tax Sharing Agreement). In general, if the spin-off, together with certain related transactions, were to fail to qualify as a transaction that is generally tax free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, then:

Expedia would recognize gain in an amount equal to the excess of the fair market value of TripAdvisor common stock on the date of the spin-off distributed to Expedia shareholders over Expedia s adjusted tax basis in TripAdvisor common stock, and Expedia may also recognize income or gain with respect to certain restructuring transactions undertaken in connection with the spin-off;

an Expedia shareholder who received TripAdvisor common stock in the taxable spin-off would be treated as having received a taxable distribution in an amount equal to the fair market value of such TripAdvisor stock on the date of the spin-off. That distribution would be taxable to the shareholder as a dividend to the extent of Expedia s current and accumulated earnings and profits. Any amount that exceeded Expedia s earnings and profits would be treated first as a non-taxable return of capital to the extent of the Expedia shareholder s tax basis in its Expedia common stock (which amounts would reduce such shareholder s tax basis in its Expedia common stock), with any remaining amounts being taxed as capital gain;

certain Expedia shareholders would be subject to additional special rules governing taxable spin-offs, such as rules relating to the dividends received deduction and extraordinary dividends; and

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an Expedia shareholder s aggregate tax basis in TripAdvisor common stock received in the spin-off generally would equal the fair market value of TripAdvisor common stock on the date of the spin-off, and the holding period for that stock would begin the day after the date of the spin-off. The holding period for the shareholder s Expedia common stock would not be affected by the fact that the spin-off was taxable.

Even if the spin-off otherwise qualifies as a transaction that is generally tax free for U.S. federal income tax purposes under Section 355 and Section 368(a)(1)(D) of the Code, it could be taxable to Expedia (but not Expedia s shareholders) under Section 355(e) of the Code if the spin-off were later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, stock representing a 50% or greater interest by vote or value, in Expedia or TripAdvisor. For this purpose, any acquisitions of Expedia common stock or TripAdvisor common stock within the period beginning two years before the spin-off and ending two years after the spin-off are presumed to be part of such a plan, although Expedia or TripAdvisor may be able to rebut that presumption. If such an acquisition of Expedia or TripAdvisor common stock were to trigger the application of Section 355(e), Expedia would recognize taxable gain as described above, but the spin-off would be tax free to Expedia shareholders.

Cash in Lieu of Fractional Shares

To the extent that the one-for-two reverse stock split of Expedia common stock and Expedia Class B common stock results in fractional shares, holders of Expedia common stock and Expedia Class B common stock will receive cash in lieu of such fractional shares. A shareholder who receives cash instead of a fractional share of Expedia common stock in connection with the one-for-two reverse stock split will generally recognize capital gain or loss measured by the difference between the cash received for such fractional share and the shareholder s tax basis in the fractional share. Any such capital gain or loss will be treated as a long-term or short-term gain or loss based on the shareholder s holding period for the Expedia common stock. Payments of cash in lieu of a fractional share of Expedia common stock made in connection with the one-for-two reverse stock split may, under certain circumstances, be subject to backup withholding (currently at a rate of 28%), unless the Expedia shareholder provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with the requirements of the backup withholding rules. Backup withholding does not constitute an additional U.S. federal income tax. Rather, the U.S. federal income tax liability of the person subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may generally be obtained, provided that the required information is timely furnished to the IRS. The spin-off transaction will not result in any fractional shares of Expedia common stock.

THE FOREGOING IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE SPIN-OFF UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. THE FOREGOING DOES NOT PURPORT TO ADDRESS ALL U.S. FEDERAL INCOME TAX CONSEQUENCES OR TAX CONSEQUENCES THAT MAY ARISE UNDER THE TAX LAWS OF OTHER JURISDICTIONS OR THAT MAY APPLY TO PARTICULAR CATEGORIES OF SHAREHOLDERS. EACH EXPEDIA SHAREHOLDER SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE SPIN-OFF TO SUCH SHAREHOLDER, INCLUDING THE APPLICATION OF U.S. FEDERAL, STATE OR LOCAL AND FOREIGN TAX LAWS, AND THE EFFECT OF POSSIBLE CHANGES IN TAX LAWS THAT MAY AFFECT THE TAX CONSEQUENCES DESCRIBED ABOVE.

Treatment of Outstanding Expedia Compensatory Equity-Based Awards

Treatment of Expedia Options

Vested Expedia Options: Each vested option to purchase shares of Expedia common stock will convert into an option to purchase shares of Expedia common stock and an option to purchase shares of TripAdvisor common stock with adjustments to the number of shares subject to each option and the option exercise prices based on (1) the value of Expedia common stock prior to the spin-off and the one-for-two reverse stock split and (2) the value of Expedia common stock and the value of TripAdvisor common stock after giving effect to the spin-off and the one-for two reverse stock split.

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Except as otherwise described above and except to the extent otherwise provided under local law, following the spin-off, the converted options generally will have the same terms and conditions, including the same exercise periods, as the vested options to purchase Expedia common stock had immediately prior to the spin-off.

Following the spin-off, solely for purposes of determining the expiration of options with respect to shares of common stock of one company held by employees of the other company, Expedia and TripAdvisor employees will be deemed employed by both companies for so long as they continue to be employed by whichever of the companies employs them immediately following the spin-off.

Unvested Expedia Options: Each unvested option to purchase shares of Expedia common stock (other than those unvested options held by Mr. Diller) will convert into an option to purchase shares of common stock of the applicable company (Expedia or TripAdvisor, as the case may be) for which the applicable employee works following the spin-off with adjustments to the number of shares subject to the option and the option exercise price based on (1) the value of Expedia common stock prior to the spin-off and the one-for-two reverse stock split and (2) the value of the common stock of the applicable company (Expedia or TripAdvisor, as the case may be) after giving effect to the spin-off and the one-for-two reverse stock split.

Except as otherwise described above and except to the extent otherwise provided under local law, following the spin-off, the unvested options to purchase shares of common stock of the applicable company generally will have the same terms and conditions, including the same vesting provisions and exercise periods, as the unvested options to purchase Expedia common stock had immediately prior to the spin-off.

Unvested Expedia Options Held by Mr. Diller

Each unvested option to purchase shares of Expedia common stock held by Mr. Diller will convert into an option to purchase shares of Expedia common stock and an option to purchase shares of TripAdvisor common stock with adjustments to the number of shares subject to each option and the option exercise prices based on (1) the value of Expedia common stock prior to the spin-off and the one-for-two reverse stock split and (2) the value of the applicable company (Expedia or TripAdvisor, as the case may be) after giving effect to the spin-off and the one-for-two reverse stock split.

Treatment of Expedia RSUs

All Expedia restricted stock units (RSUs) (other than those held by Mr. Diller, 800,000 performance-based RSUs held by Mr. Khosrowshahi and RSUs granted in respect of service as an Expedia director) will convert into RSUs of the company (Expedia or TripAdvisor, as the case may be) for which the applicable employee works following the spin-off with adjustments to the number of RSUs based on (1) the value of Expedia common stock prior to the spin-off and the one-for-two reverse stock split and (2) the value of the common stock of the applicable company (Expedia or TripAdvisor, as the case may be) after giving effect to the spin-off and the one-for-two reverse stock split.

Expedia RSUs granted in respect of service as an Expedia director will convert into adjusted Expedia RSUs with adjustments to the number of Expedia RSUs based on (1) the value of Expedia common stock prior to the spin-off and the one-for-two reverse stock split and (2) the value of Expedia common stock after giving effect to the spin-off and the one-for-two reverse stock split.

Except as otherwise described above and except to the extent otherwise provided under local law, following the spin-off, the RSUs of the applicable company generally will have the same terms and conditions, including the same vesting provisions, as the Expedia RSUs had immediately prior to the date of the spin-off.

Expedia RSUs Held by Mr. Diller and Performance-based RSUs Held by Mr. Khosrowshahi

Mr. Diller s RSUs will convert into (1) Expedia RSUs with respect to one half the number of shares subject to Mr. Diller s Expedia RSUs prior to the spin-off and the one-for-two reverse stock split, and (2) TripAdvisor RSUs with respect to one half the number of shares subject to Mr. Diller s Expedia RSUs prior to the spin-off and the one-for-two reverse stock split.

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Mr. Khosrowshahi s 800,000 performance-based RSUs will convert into 400,000 Expedia RSUs and 400,000 TripAdvisor RSUs. The applicable performance goals relating to Mr. Khosrowshahi s performance-based RSUs will be adjusted into independent, company-specific performance goals for each award.

Except as otherwise described above and except to the extent otherwise provided under local law, following the spin-off, the RSUs of the applicable company generally will have the same terms and conditions, including the same vesting provisions, as the Expedia RSUs had immediately prior to the date of the spin-off.

Post Spin-Off TripAdvisor Financing Arrangements

In connection with and prior to the spin-off, TripAdvisor, Inc., TripAdvisor Holdings, LLC, and certain of their respective subsidiaries acting as additional borrowers expect to enter into a credit agreement with certain lenders and JPMorgan Chase Bank, N.A., as Administrative Agent (the TripAdvisor Credit Agreement). The TripAdvisor Credit Agreement will provide for a five-year senior term loan to TripAdvisor Holdings, LLC in a principal amount of $400 million (the Term Loan), repayable in quarterly installments equal to 1.25% of the original principal amount in year 2012 and 2.5% of the original principal amount in each year thereafter, with the balance payable on the final maturity date. The TripAdvisor Credit Agreement will also provide for a senior revolving credit facility with a maximum borrowing capacity of $200 million (the TripAdvisor Revolving Facility). All outstanding principal and interest under the Term Loan and the TripAdvisor Revolving Facility will be due and payable, and the TripAdvisor Revolving Facility will terminate, on the fifth anniversary of the effectiveness of the TripAdvisor Credit Agreement. The obligations under the TripAdvisor Credit Agreement will be the senior unsecured obligations of the borrowers thereunder and will be guaranteed by TripAdvisor Holdings, LLC, TripAdvisor, Inc. (after consummation of the spin-off) and certain of their respective subsidiaries.

The Term Loan and any loans under the TripAdvisor Revolving Facility will bear interest by reference to a base rate or a eurocurrency rate, in either case plus an applicable margin based on the leverage ratio of TripAdvisor, Inc. TripAdvisor, Inc. is also required to pay a quarterly commitment fee, the amount of which is based on the leverage ratio of TripAdvisor, Inc., on the average daily unused portion of the TripAdvisor Revolving Credit Facility for each fiscal quarter and fees in connection with the issuance of letters of credit. Immediately after consummation of the spin-off, the Term Loan and loans under the TripAdvisor Revolving Facility will bear interest at LIBOR plus 175 basis points or the alternate base rate plus 75 basis points, and undrawn amounts will be subject to a commitment fee of 30 basis points. The proceeds of the Term Loan and any loans under the TripAdvisor Revolving Facility will be used for general corporate purposes, including the payment of a dividend to Expedia immediately prior to the spin-off in an amount not to exceed $450 million. The TripAdvisor Credit Agreement will contain customary covenants, restrictions and events of default, including, but not limited to, maintenance of a maximum leverage ratio and a minimum interest coverage ratio.

In August 2010, certain of TripAdvisor s post spin-off Chinese subsidiaries entered into a RMB67,000,000 (approximately $10 million), one-year revolving credit facility with Bank of America. In June 2011, the revolving credit facility was amended to extend the facility to March 2012 and increase the borrowing capacity to RMB130,000,000 (approximately $20 million). The facility is expected to be unconditionally guaranteed

by TripAdvisor. As of December 31, 2010 and June 30, 2011, there were $2 million and $5 million of borrowings outstanding, respectively, under this facility. This facility bears interest at a rate determined by reference to People s Bank of China s base rate. The rate at which this facility bore interest was 5.81% and 6.56% as of December 31, 2010 and June 30, 2011, respectively.

Post Spin-Off Expedia Financing Arrangements

Expedia Notes

The indenture (the 2016 Notes Indenture) governing Expedia s $400 million aggregate principal amount of outstanding 8.5% senior notes due 2016 (the 2016 Notes) contains certain covenants that could restrict implementation of the proposed TripAdvisor spin-off. In light of such covenants, Expedia anticipates that it will redeem the 2016 Notes and, prior to consummation of the spin-off, the 2016 Notes Indenture will have been discharged or defeased. The redemption price will be equal to 100% of the principal amount of the outstanding 2016 Notes plus a make-whole premium as of, and accrued and unpaid interest to, the redemption date.

Expedia s 2018 Notes and 2020 Notes (each as defined below) are described below.

On August 21, 2006, Expedia entered into an indenture with The Bank of New York Trust Company, N.A., as trustee (the 2018 Notes Indenture), in connection with an offering of $500 million aggregate principal amount of 7.456% senior notes due 2018 (the 2018 Notes). The 2018 Notes mature on August 15, 2018 and accrue interest at 7.456% per annum, payable semiannually in arrears on February 15 and August 15 of each year. Expedia may redeem the 2018 Notes, in whole or in part, at any time or from time to time at a specified make-whole premium. Each 2018 Note is payable at par at the option of the holder thereof on August 15, 2013. The 2018 Notes Indenture contains certain customary covenants, restrictions and events of default.

On August 5, 2010, Expedia entered into an indenture with The Bank of New York Mellon Trust Company, N.A., as trustee (the 2020 Notes Indenture), in connection with an offering of $750 million aggregate principal amount of 5.95% senior notes due 2020 (the 2020 Notes). The 2020 Notes mature on August 15, 2020 and accrue interest at 5.95% per annum, payable semiannually in arrears on February 15 and August 15 of each year. Expedia may redeem the 2020 Notes, in whole or in part, at any time or from time to time at a specified make-whole premium. Upon the occurrence of a change of control and a sufficient lowering of the debt rating of the 2020 Notes, each holder of notes will have the right to require Expedia to repurchase such holder s notes, in whole or in part, at a purchase price in cash equal to 101% of the principal amount thereof, plus any accrued and unpaid interest to the date of purchase. The 2020 Notes Indenture contains certain customary covenants, restrictions and events of default.

The 2018 Notes and 2020 Notes (collectively, the Notes) are senior unsecured obligations of Expedia and are guaranteed by certain subsidiaries of Expedia, including each domestic subsidiary of Expedia that guarantees the Expedia Revolving Facility (as defined below).

Expedia Credit Facilities

On February 8, 2010, Expedia, and certain of Expedia s subsidiaries acting as additional borrowers, entered into a credit agreement (the Expedia Credit Agreement) with certain lenders and JPMorgan Chase Bank, N.A. as administrative agent, establishing a senior revolving credit facility with a maximum borrowing capacity of $750.0 million (the Expedia Revolving Facility). The obligations under the Expedia Revolving Facility are unsecured and are guaranteed by the borrowers thereunder (as to the obligations of other borrowers) and by certain of Expedia s other subsidiaries. Loans under the Expedia Revolving Facility bear interest by reference to a base rate or a eurocurrency rate, in either case plus an applicable margin based on Expedia s senior unsecured non-credit-enhanced long-term debt rating. Expedia is also required to pay a quarterly commitment fee, the amount of which is based on Expedia s senior unsecured non-credit-enhanced long-term debt rating, on the average daily unused portion of the Expedia Revolving Facility for each fiscal quarter and fees in connection with the issuance of letters of credit. The proceeds of the loans under the Expedia Revolving Facility may be used for general corporate purposes. The Expedia Credit Agreement contains customary covenants, restrictions and events of default, including, but not limited to, maintenance of a maximum leverage ratio and a minimum interest coverage ratio.

On August 18, 2010, Expedia and its applicable subsidiaries entered into the First Amendment to the Expedia Credit Agreement (the First Amendment). The First Amendment, among other things, amended certain covenants set forth in the Expedia Credit Agreement, extended the maturity date of the Expedia Revolving Facility and reduced the interest rate spreads and commitment fees payable thereon.

On August 31, 2011, Expedia and its applicable subsidiaries entered into the Second Amendment to the Expedia Credit Agreement (the Second Amendment). The Second Amendment, among other things, extended the maturity of the Expedia Revolving Facility to August 31, 2016, reduced the interest rate spread on drawn amounts by between 87.5 basis points and 100 basis points and reduced the commitment fee on undrawn amounts by between 7.5 basis points and 25 basis points. Based on Expedia s current debt ratings, loans under the Expedia Revolving Facility bear interest at LIBOR plus 150 basis points or the alternate base rate plus 50 basis points, and undrawn amounts are subject to a commitment fee of 22.5 basis points. The Second Amendment also made certain other modifications to the covenants and other terms of the Expedia Credit Agreement, including clarifying that the spin-off is permitted by the Expedia Credit Agreement.

Treatment of Expedia Warrants in the Spin-Off

Expedia has outstanding a series of warrants that expire in May 2012. Expedia originally issued these warrants in 2005 in connection with Expedia s spin-off from IAC/InterActiveCorp, as part of the adjustment of then outstanding warrants to acquire IAC common stock that IAC had issued in 2002 in connection with a joint venture with Vivendi Universal. Each such Expedia warrant will convert in accordance with its terms into an adjusted warrant to purchase Expedia common stock and a new warrant to purchase TripAdvisor common stock, each of which will mirror in all material respects the terms of the current warrants to purchase shares of Expedia common stock, as adjusted as follows to reflect the spin-off and the one-for-two reverse stock split. From and after the spin-off and the one-for-two reverse stock split, the number of shares of Expedia common stock subject to the adjusted Expedia warrant and the number of shares of TripAdvisor common stock subject to the new TripAdvisor warrant each will equal one half the number of shares of Expedia common stock underlying the Expedia warrant prior to the spin-off and the one-for-two reverse stock split. The exercise price of the Expedia warrant prior to the spin-off and the one-for-two reverse stock split will be allocated to the adjusted Expedia warrant and the new TripAdvisor warrant based on the relative post-separation trading values of Expedia common stock and TripAdvisor common stock at the time of the spin-off.

Distribution of Expedia and TripAdvisor Securities Following the Spin-Off

Following the spin-off, reclassified Expedia common stock and TripAdvisor common stock will be issued electronically by way of direct registration, or in uncertificated form, which will eliminate the physical handling and safekeeping responsibilities inherent in owning transferable stock certificates and the need to return a duly executed stock certificate to effect a transfer. BNY Mellon Shareowner Services will act as the registrar and transfer agent for Expedia common stock and TripAdvisor common stock after the spin-off. After the spin-off, you will be able to transfer shares of Expedia common stock or TripAdvisor common stock by mailing to BNY Mellon Shareowner Services a transfer and assignment form, which BNY Mellon Shareowner Services will provide to holders at no charge upon written request.

Expedia Common Stock and Expedia Class B Common Stock

In connection with the spin-off and on account of the one-for-two reverse stock split, certificates representing shares of Expedia common stock or Expedia Class B common stock prior to the spin-off will represent half the number of shares of Expedia common stock or Expedia Class B common stock (as applicable) after the spin-off. Holders will receive cash in lieu of any fractional shares resulting from the reverse stock split.

TripAdvisor Common Stock and TripAdvisor Class B Common Stock

As promptly as practicable following the spin-off, TripAdvisor s transfer agent will distribute shares of TripAdvisor common stock to those persons who are holders of Expedia common stock at 5:00 p.m. New York City time on the date of the spin-off by mailing physical certificates representing the shares or by crediting the shares to book-entry accounts established by the transfer agent.

As promptly as practicable following the spin-off, TripAdvisor will distribute shares of TripAdvisor Class B common stock to those persons who are holders of Expedia Class B common stock at 5:00 p.m. New York City time on the date of the spin-off by mailing physical certificates representing the shares or by crediting the shares to book-entry accounts established by the transfer agent.

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Expedia Warrants; TripAdvisor Warrants

Warrants to purchase shares of Expedia common stock will be adjusted as described in this proxy statement/prospectus. Subject to adjustment for the one-for-two reverse stock split and the spin-off, the Expedia warrants will remain outstanding and continue to be governed by their existing terms. In addition, TripAdvisor will issue TripAdvisor warrants pursuant to adjustments to the Expedia warrants. These TripAdvisor warrants will be issued promptly following the completion of the spin-off in certificated or uncertificated form, depending on the form in which the respective outstanding Expedia warrant to be adjusted is held. At or prior to the completion of the spin-off, Expedia will deposit with the warrant agent the new form of TripAdvisor warrant.

Series A Preferred Stock

Assuming receipt of the required shareholder vote for effecting the preferred stock merger, such merger will be effected prior to the reverse stock split and the spin-off, resulting in the conversion of each share of Expedia Series A preferred stock (other than dissenting shares) into the right to receive $22.23 in cash per share, plus an amount equal to accrued and unpaid dividends through the effective date of the merger. Expedia will not effect the spin-off or the reverse stock split if the preferred stock merger has not been consummated. As a result, no shares of Expedia Series A preferred stock will be outstanding at the time of the reverse stock split, the spin-off or the effectiveness of any of the proposed charter amendments (including the amendment that would give effect to the corporate opportunity proposal).

Listing and Trading of Expedia Securities

Expedia common stock currently trades on The Nasdaq Global Select Market under the ticker symbol EXPE and will continue to do so after the spin-off (as adjusted in connection with the spin-off and the one-for-two reverse stock split). The Expedia warrants (which will also be adjusted in connection with the spin-off and the reverse stock split) are not currently publicly listed and Expedia has no plans to list them following the spin-off.

Listing and Trading of TripAdvisor Securities

TripAdvisor will apply to list TripAdvisor common stock on The Nasdaq Global Select Market and has reserved the ticker symbol TRIP for such listing. Trading in TripAdvisor common stock under this symbol is expected to begin on the first business day following the date that Expedia completes the spin-off. However, there can be no assurance that a viable and active trading market will develop. TripAdvisor does not intend to apply to list on any stock exchange the series of TripAdvisor warrants to be issued in connection with the adjustment of the Expedia warrants in the spin-off.

Relationship Between Expedia and TripAdvisor After the Spin-Off

Following the spin-off, the relationship between Expedia and TripAdvisor will be governed by a number of agreements. These agreements include:

- a separation agreement;
- a tax sharing agreement;
- an employee matters agreement;
- a transition services agreement; and
- commercial agreements.

Expedia and TripAdvisor have attached forms of the separation agreement, the tax sharing agreement, the employee matters agreement and the transition services agreement as annexes to this proxy statement/prospectus, and the summaries of these documents that follow are qualified in their entirety by reference to the full text of those documents.

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Separation Agreement

The separation agreement will provide that Expedia will, immediately prior to the spin-off, contribute or otherwise transfer to TripAdvisor all of the subsidiaries and assets primarily related to Expedia s TripAdvisor Media Group-related businesses. In general, Expedia will effect the transfer of TripAdvisor assets through a series of contributions of relevant Expedia subsidiaries. Similarly, TripAdvisor or one of its subsidiaries will assume all of the liabilities primarily relating to Expedia s TripAdvisor Media Group-related businesses, as described above, immediately prior to the spin-off. TripAdvisor has agreed to take each TripAdvisor asset and to assume and perform each TripAdvisor liability on an as is, where is basis, and Expedia has made no representations or warranties with respect to any aspect of the TripAdvisor assets or the TripAdvisor liabilities.

Other matters governed by the separation agreement include provision and retention of records, access to information and confidentiality, cooperation with respect to governmental filings and third party consents, access to property, control of ongoing litigation and indemnification arrangements relating to liabilities of each party.

Pursuant to the separation agreement, TripAdvisor and its subsidiaries have agreed to indemnify Expedia, its affiliates and their respective current and former directors, officers and employees for any losses arising out of any breach of the separation agreement, the tax sharing agreement, the employee matters agreement, the transition services agreement and any failure by TripAdvisor to assume and perform any of the TripAdvisor liabilities. Expedia and its subsidiaries have agreed to indemnify TripAdvisor and its affiliates and their respective current and former directors, officers and employees for any losses arising out of any breach of the separation agreement, the tax sharing agreement, the transition services agreement, the employee matters agreement and any failure by Expedia to perform any of the Expedia liabilities. TripAdvisor has also agreed to indemnify Expedia against any liabilities relating to the TripAdvisor financial and business information included in this proxy statement/prospectus. In addition, from and after the completion of the spin-off, each of Expedia and TripAdvisor have generally agreed to bear 50% of the costs and liabilities associated with any securities law litigation relating to public disclosures prior to the spin-off with respect to the businesses or entities that comprise TripAdvisor following the spin-off, regardless of whether the litigation arises prior to or after the spin-off. Following the spin-off, TripAdvisor will bear 100% of the costs and liabilities associated with any other litigation relating to the conduct, prior to or after the spin-off, of the businesses or entities that comprise TripAdvisor following the spin-off, regardless of whether the litigation arises before or after the spin-off.

Expedia may terminate the separation agreement and abandon the spin-off, in its sole discretion, at any time prior to completion of the spin-off.

Tax Sharing Agreement

The tax sharing agreement will govern Expedia s and TripAdvisor s respective rights, responsibilities and obligations after the spin-off with respect to various tax matters. Generally, the tax sharing agreement provides that although Expedia will remit taxes payable with respect to the TripAdvisor income included on its consolidated returns, pre-distribution taxes that are attributable to the business of one party, including audit adjustments with respect to consolidated periods, will be borne solely by that party. Pursuant to the tax sharing agreement, Expedia will prepare and file the federal consolidated return, and any other income tax returns that include TripAdvisor with respect to any taxable period ending on or prior to, or including, the distribution date with the appropriate tax authorities and will remit any taxes relating thereto to the relevant tax authority. TripAdvisor will prepare and file all separate company tax returns for TripAdvisor and its subsidiaries, and pay all taxes due with respect to such tax returns for all taxable periods. In general, Expedia controls all audits and administrative matters relating to the consolidated return of the Expedia group.

Under the tax sharing agreement TripAdvisor generally (i) may not take (or fail to take) any action that would cause any representations, information or covenants in the separation documents or documents relating to the tax opinion concerning the spin-off to be untrue, (ii) may not take (or fail to take) any action that would cause the spin-off to lose its tax free status, (iii) may not sell, issue, redeem or otherwise acquire any of its equity

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securities (or equity securities of members of its group), except in specified transactions for a period of 25 months following the spin-off and (iv) may not, other than in the ordinary course of business, sell or otherwise dispose of a substantial portion of its assets, liquidate, merge or consolidate with any other person for a period of 25 months following the spin-off. During that period, TripAdvisor may take some actions prohibited by these covenants if it provides Expedia with an Internal Revenue Service ruling or an unqualified opinion of counsel to the effect that these actions will not affect the tax free nature of the spin-off, in each case satisfactory to Expedia in its sole and absolute discretion. Notwithstanding the receipt of any such Internal Revenue Service ruling or opinion, TripAdvisor must indemnify Expedia for any taxes and related losses resulting from (i) any act or failure to act described in the covenants above, (ii) any acquisition of equity securities or assets of TripAdvisor or any member of its group, and (iii) any breach by TripAdvisor or any member of its group of representations in the separation documents between Expedia and TripAdvisor or the documents relating to the tax opinion concerning the spin-off.

Under U.S. federal income tax laws, Expedia and TripAdvisor are severally liable for all of Expedia s federal income taxes attributable to the periods prior to and including the current taxable year of Expedia, which ends on December 31, 2011. Thus, if Expedia fails to pay the taxes attributable to it under the tax sharing agreement for periods prior to and including the current taxable year of Expedia, TripAdvisor may be responsible for these tax liabilities.

Employee Matters Agreement

The employee matters agreement covers a wide range of compensation and benefit issues related to the spin-off. In general, under the employee matters agreement Expedia will assume or retain (i) all liabilities with respect to Expedia employees, former Expedia employees and their dependents and beneficiaries under all Expedia employee benefit plans, and (ii) all liabilities with respect to the employment or termination of employment of all Expedia employees, former Expedia employees and other service providers. TripAdvisor will assume or retain (i) all liabilities under its employee benefit plans, and (ii) all liabilities with respect to the employment or termination of employment of all TripAdvisor employees, former employees and other service providers.

Subject to a transition period through the end of 2011 with respect to benefits under the U.S. Expedia health and welfare plans and flexible benefits plan, after the spin-off, TripAdvisor will no longer participate in such Expedia employee benefit plans, but will have established its own employee benefit plans that are currently expected to be substantially similar to the plans sponsored by Expedia prior to the spin-off. Through the end of 2011, Expedia will continue to provide benefits under the U.S. Expedia health and welfare plans and flexible benefits plan to TripAdvisor employees located in the United States and TripAdvisor will bear the cost of this coverage with respect to its employees. Assets and liabilities from the Expedia Retirement Savings Plan relating to the accounts of TripAdvisor employees will be transferred to the comparable TripAdvisor plan as soon as practicable following the spin-off.

For a description of the treatment of outstanding Expedia equity awards pursuant to the employee matters agreement, see Treatment of Outstanding Expedia Compensatory Equity-Based Awards.

Transition Services Agreement

Under the transition services agreement Expedia will provide to TripAdvisor on an interim, transitional basis, various services, including governmental affairs, finance and accounting services, corporate sourcing, legal affairs, systems support and assistance with certain public company functions, and such other services as to which Expedia and TripAdvisor mutually agree. The charges for these services will be on a cost plus fixed percentage or hourly rate basis to be agreed upon prior to the completion of the spin-off.

In general, the services will begin on the date of the completion of the spin-off and will cover a period generally not expected to exceed 12 months following the spin-off. TripAdvisor may terminate the agreement with respect to one or more particular services upon 90 days prior written notice.

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Commercial Agreements

Following the spin-off, Expedia and TripAdvisor will continue to work together pursuant to various commercial agreements between subsidiaries of Expedia, on the one hand, and subsidiaries of TripAdvisor, on the other hand. The various commercial agreements have terms of up to one year. Below is a brief description of such agreements that, individually or together with similar agreements, involve revenue to either Expedia or TripAdvisor in excess of $50,000. For a more detailed discussion of click-based and display-based advertising on TripAdvisor websites generally, see the section below titled Information about TripAdvisor After the Spin-Off TripAdvisor s Business Model.

Click-Based Advertising Agreements. Certain subsidiaries of Expedia will agree to continue to purchase click-based advertising, primarily in connection with the check rates feature on TripAdvisor websites, but also including textlink advertising on TripAdvisor websites. The pricing for such advertising will be on a cost-per-click or revenue-share basis. Aggregate TripAdvisor revenue in respect of click-based advertising by entities that Expedia will own following the spin-off approximated $166 million in 2010.

Content Sharing Agreement. Expedia and TripAdvisor expect to enter into a content sharing agreement whereby each will agree to continue providing the other, without charge, with certain proprietary and/or user-generated content. TripAdvisor will continue to provide certain subsidiaries of Expedia with proprietary content, including user-generated content, primarily hotel reviews, as well as proprietary ratings and summary statistics. Expedia will continue to provide TripAdvisor with proprietary content, including hotel star ratings, thumbnail images, hotel and flight pricing and availability data.

Display-based and Other Advertising Agreements. Certain subsidiaries of Expedia will agree to continue to purchase banner display and exit window advertising on TripAdvisor websites, and vice versa. In each case, pricing will be on a cost-per-thousand impressions or revenue-share basis. Aggregate TripAdvisor revenue in respect of display-based advertising by entities that Expedia will own following the spin-off approximated $5 million in 2010.

Information about Expedia After the Spin-Off

The following disclosure regarding Expedia and its businesses assumes the completion of the spin-off of TripAdvisor.

Expedia Overview

Expedia, Inc. is an online travel company, empowering business and leisure travelers with the tools and information they need to efficiently research, plan, book and experience travel. Expedia has created a global travel marketplace used by a broad range of leisure and corporate travelers, offline retail travel agents and travel service providers. Expedia makes available, on a stand-alone and package basis, travel products and services provided by numerous airlines, lodging properties, car rental companies, destination service providers, cruise lines and other travel product and service companies. Expedia also offers travel and non-travel advertisers access to a potential source of incremental traffic and transactions through its various media and advertising offerings on its transaction-based websites.

Summary of Expedia s Spin-Off from IAC/InterActiveCorp

On August 9, 2005, IAC/InterActiveCorp completed the spin-off of substantially all of its travel and travel-related businesses to IAC stockholders by way of the distribution of all outstanding shares of Expedia, Inc., a newly-formed Delaware corporation, to IAC stockholders. Expedia shares began trading on The Nasdaq Global Select Market under the symbol EXPE.

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Portfolio of Expedia Brands

Expedia leverages its brand portfolio to target the broadest possible range of travelers, travel suppliers and advertisers. The brands provide a wide selection of travel products and services, from simple, discounted travel to more complex, luxury travel. Expedia s travel offerings primarily consist of airline flights, hotel stays, car rentals, destination services, cruises and package travel, which encompasses multiple travel products. Expedia also offers travel and non-travel advertisers access to a potential source of incremental traffic and transactions through various media and advertising offerings on its transaction-based websites.

Expedia.com. Expedia-branded websites make a large variety of travel products and services available directly to travelers through Expedia s U.S.-based website, www.expedia.com, as well as through localized versions of the Expedia website in 25 countries worldwide. Expedia-branded websites target many different types of travelers, from families booking a summer vacation to individual travelers arranging a quick weekend getaway. Travelers can search for, compare information about (including pricing, availability and traveler reviews) and book travel products and services on Expedia-branded websites, including airline tickets, lodging, car rentals, cruises and many destination services such as airport transfers, local attractions and tours from a large number of suppliers, on both a stand-alone and package basis.

Hotels.com. The Hotels.com website provides a broad selection of hotel properties to travelers, who can plan, shop for and book lodging accommodations, from traditional hotels to vacation rentals. Hotels.com seeks to provide travelers with premium content and service through its U.S.-based website, www.hotels.com, as well as through more than 75 localized versions in the Americas, Europe, Asia Pacific and South Africa. With Hotels.com, the offerings are differentiated by positioning the brand as the hotel expert, with premium content about lodging properties.

Hotwire. The discount travel website, www.hotwire.com, makes available airline tickets, hotel rooms, rental cars, cruises and vacation packages. Hotwire s approach matches flexible, price-sensitive travelers with suppliers who have excess seats, rooms and cars they wish to fill without affecting the public s perception of their brands. Hotwire travelers may enjoy significant discounts by electing to book travel services opaquely, without knowing certain itinerary details such as brand, time of departure and exact hotel location, while suppliers create value from excess availability without diluting their core brand-loyal traveler base. Through its U.S. and international sites, Hotwire partners with leading hotel companies worldwide, brand-name domestic and international airlines, and major car rental companies in the United States. Hotwire also operates CarRentals.com, an online car rental marketing and retail firm offering a diverse selection of car rentals direct to consumers. Hotwire operates Travel-ticker.com as well, which is an inspirational travel website that is home to some of the best insider deals at many of the world s favorite destinations.

Expedia Affiliate Network. Expedia Affiliate Network s private label and co-brand programs make travel products and services available to travelers through third-party company-branded websites. The products and services made available through www.expediaaffiliate.com and www.wwte.com are substantially similar to those made available on Expedia-branded and Hotels.com-branded websites, respectively. Participants are generally compensated in the WWTE ® and IAN private label programs on a revenue-share basis. Expedia also leverages its WWTE and IAN platforms to make Expedia and Hotels.com-branded sites available in various international points of sale.

Egencia. The full-service travel management company offers travel products and services available to corporations and corporate travelers. Egencia has a global presence in 39 countries across North America, Europe and Asia Pacific. Egencia provides, among other things, centralized booking tools for employees of its corporate customers, unique supply targeted at business travelers, and consolidated reporting for global, large and SME (small and medium size enterprise) business segments. Egencia charges its corporate clients account management fees, as well as transactional fees for making or changing bookings. In addition, Egencia provides on-site agents to some corporate clients to more fully support the account. Egencia also offers consulting and meeting management services.

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eLong. Expedia s majority-owned online hotel and air travel service company, based in Beijing, China, specializes in travel products and services in China. eLong uses web-based distribution technologies and a 24-hour nationwide call center to provide consumers with the ability to make hotel reservations at more than 20,000 hotels in over 700 cities across China and more than 135,000 hotels in 100 countries worldwide. eLong also offers air ticketing and other travel related information and services. Travelers can access eLong travel products and services through its websites, including www.elong.com and www.elong.net**.** eLong, Inc. is a listed company, which trades on the NASDAQ under the symbol LONG.

Venere. The Venere website, www.venere.com, lists hotel properties in hundreds of locations across the world and provides hotel partners with geographically diverse sources of demand. Venere primarily uses direct agency-based relationships with hotels around the globe ensuring it can offer customers best value rates.

Classic Vacations. Classic Vacations offers individually tailored vacations primarily through a national network of third-party retail travel agents. Classic Vacations delivers a full line of premium vacation packages air, hotels, car rentals, activities and private transportation to create customized luxury vacations in Hawaii, the Caribbean, Mexico, Costa Rica, Europe, Australia, New Zealand, Fiji and Tahiti. Travel agents and travelers can preview the product offerings through the websites, www.classicforagents.com and www.classicvacations.com.

Expedia Local Expert. Expedia Local Expert s network offers face-to-face personalized recommendations and assistance in booking events, activities, tours, attractions and other services that travelers seek in their destinations. With access to a rich portfolio of thousands of tours and adventures, Expedia Local Expert operates concierge and activity desks in more than 100 hotels and other retail locations in many key cities around the world, and also operates www.localexpert.com.

Expedia CruiseShipCenters. Majority-owned by Expedia, CruiseShipCenters is one of North America s leading sellers of cruise vacations. CruiseShipCenters has over 130 retail locations, a team of 3,200 independent professionally-trained cruise consultants and a searchable online database of more than 10,000 cruise vacations.

Expedia s Business Strategy

Expedia plays a fundamental role in facilitating travel, whether for leisure, unmanaged business or managed business travelers. Expedia is committed to providing travelers, travel suppliers and advertisers the world over with the best set of resources to serve their travel needs by leveraging its critical assets its brand portfolio, technology and commitment to continuous innovation, global reach and breadth of product offering. In addition, Expedia intelligently utilizes its growing base of knowledge about destinations, activities, suppliers and travelers and its central position in the travel value chain to more effectively merchandise its partners travel offerings.

A discussion of the critical assets that Expedia leverages in achieving its business strategy follows:

Portfolio of Travel Brands. Expedia seeks to appeal to the broadest possible range of travelers, suppliers and advertisers through its collection of industry-leading brands. Expedia targets several different demographics, from the value-conscious traveler through its Hotwire brand to luxury travelers seeking a high-touch, customized vacation package through its Classic Vacations brand.

Expedia believes its flagship Expedia brand appeals to the broadest range of travelers, with its extensive product offering ranging from single item bookings of discounted product to dynamic bundling of higher-end travel packages. The Hotels.com site and its international versions target travelers with premium hotel content about lodging properties, such as 360 degree tours and hotel reviews. In the United States, Hotels.com generally appeals to travelers with shorter booking windows who prefer to drive to their destinations, and who make a significant portion of their travel bookings over the telephone.

Egencia makes travel products and services available on a managed basis to corporate travelers in North America, Europe and the Asia Pacific region.

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Expedia s advertising business offers travel and other advertisers a host of alternatives for reaching customers in its prime demographic. The majority of advertising revenue is generated through click-based advertising, but Expedia also has a growing TravelAds business. After the spin-off, Expedia will generate advertising revenue on its transaction sites, primarily through efforts of Expedia ® Media Solutions and Hotwire.

Expedia believes its appeal to suppliers and advertisers is further enhanced by its geographic breadth and range of business models, allowing these suppliers and advertisers to offer their products and services to the industry s broadest range of travelers using Expedia s various agency, merchant and advertising business models. Expedia intends to continue supporting and investing in its brand portfolio, geographic footprint and business models for the benefit of its travelers, suppliers and advertisers.

Technology and Content Innovation. Expedia has an established tradition of technology innovation, from Expedia.com s inception as a division of Microsoft to its introduction of more recent innovations, such as Expedia.com s introduction of opaque hotel inventory through its Unpublished Rates product, new mobile websites and applications across nearly all of its travel brands, a new loyalty program at Expedia called ExpediaRewards and a new exclusive loyalty program at Hotels.com for its most frequent customers called FIVESTAR. Expedia s focus on mobile offerings increased in 2010 when it acquired Mobiata, a mobile application development company, to accelerate these efforts.

Expedia intends to continue innovating on behalf of its travelers, suppliers and advertisers with particular focus on improving the traveler experience through social and mobile efforts, supplier integration and presentation, platform improvements, search engine marketing and search engine optimization.

Global Reach. The Expedia and Hotels.com brands operate both in North America and internationally. Expedia also offers Chinese travelers an array of products and services through its majority ownership in eLong. Expedia offers hotels to European-based travelers through Venere. For the six months ended June 30, 2011, approximately 39% of worldwide gross bookings and 41% of worldwide revenues were international.

Egencia, Expedia s corporate travel business, operates in North America, Europe, the Middle East, Africa and the Asia Pacific region using direct points of sale as well as strategic partnerships. Expedia believes the corporate travel sector represents a significant opportunity for the Company, and Expedia believes it offers a compelling technology solution to businesses seeking to optimize travel costs and improve their employees travel experiences. Expedia intends to continue investing in and expanding the geographic footprint and technology infrastructure of Egencia.

In expanding its global reach, Expedia leverages significant investments in technology, operations, brand building, supplier relationships and other initiatives that Expedia has made since the launch of Expedia.com in 1996. Expedia intends to continue leveraging this investment when launching additional points of sale in new countries, introducing new website features, adding supplier products and services including new business model offerings, as well as proprietary and user-generated content for travelers.

Expedia s scale of operations enhances the value of technology innovations it introduces on behalf of its travelers and suppliers. Expedia believes that its size and scale affords the company the ability to negotiate competitive rates with its supply partners, provide breadth of choice and travel deals to its traveling customers through an increasingly larger supply portfolio, and create new value added offers for its customers such as its recently launched loyalty programs. The size of Expedia s worldwide traveler base makes its sites an increasingly appealing channel for travel suppliers to reach customers. In addition, Expedia believes that its increasing scale enhances its websites appeal to travel and non-travel advertisers.

Expedia intends to continue investing in and growing its international points of sale. Expedia anticipates launching points of sale in additional countries where Expedia finds large travel markets and rapid growth of online commerce. Future launches may occur under any of its brands, or through acquisition of third-party brands, as in the case of Egencia, eLong and Venere, or other partnerships, such as the joint venture with AirAsia launched in July 2011.

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Breadth of Product Offering. Expedia offers a comprehensive array of innovative travel products and services to its travelers. Expedia plans to continue improving and growing these offerings, as well as expand them to its worldwide points of sale over time. Travelers can interact with Expedia how and when they prefer, including via the 24/7 1-800 telesales service, which is an integral part of the Company s appeal to travelers. Expedia offers travelers access to more than 140,000 hotels and over 300 airlines in over 200 countries around the world.

In the first half of 2011, approximately 70% of Expedia s revenue came from transactions involving the booking of hotel reservations, with 13% of worldwide revenue derived from the sale of airline tickets. Expedia facilitates travel products and services either as stand-alone products or as part of package transactions. Expedia has emphasized growing its merchant hotel and package businesses as these result in higher revenue per transaction. Expedia also seeks to continue diversifying its revenue mix beyond core air and hotel products to car rental, destination services, cruise and other product offerings. Expedia has been working toward increasing the mix of advertising and media revenue from its worldwide websites, such as Expedia.com and Hotels.com, which have historically been focused on transaction revenue. For the six months ended June 30, 2011, advertising and media revenue from transaction sites accounted for approximately 3% of worldwide revenue.

Expedia s Merchant and Agency Business Models

Expedia makes travel products and services available both on a stand-alone and package basis, primarily through two business models: the merchant model and the agency model. Under the merchant model, Expedia facilitates the booking of hotel rooms, airline seats, car rentals and destination services from its travel suppliers and for such bookings, Expedia is the merchant of record. Under the agency model, Expedia acts as an agent in the transaction, passing reservations booked by its travelers to the relevant airline, hotel, car rental company or cruise line.

As merchant of record, Expedia generally has certain latitude to establish prices charged to travelers (as compared to agency transactions). Also, Expedia generally negotiates supply allocation and pricing with its suppliers, which enables the Company to achieve a higher level of net revenue per transaction as compared to that provided through the agency model.

Through Expedia-branded websites, travelers can dynamically assemble multiple component travel packages in a single transaction at a lower price as compared to booking each component separately. Packages assembled by travelers through the packaging model on these websites include a merchant hotel component and an air or car component. Travelers select packages based on the total package price, without being provided component pricing. The use of the merchant travel components in packages enables Expedia to make certain travel products available at prices lower than those charged on an individual component basis by travel suppliers without impacting their established pricing and position models. Expedia also offers third-party provided pre-assembled package offerings, primarily through its international points of sale, further broadening its scope of products and services to travelers.

Expedia also sells airline tickets, hotel rooms, cruises and car rentals through its agency business, with airline ticket transactions currently making up the majority of this business. In 2009, Expedia launched Expedia Easy Manage, which is its agency hotel offering for small hotels and hotels in secondary or tertiary cities, which Expedia expects to become a bigger part of its hotel mix over time. Although net revenue per transaction is lower compared to the merchant model, due to the volume of airline tickets sold, Expedia s agency gross bookings accounted for 57% of total gross bookings for the six months ended June 30, 2011.

Expedia s Relationships with Travel Suppliers, Distribution and Fulfillment Partners

Overview. Expedia makes travel products and services available from a variety of large and small commercial airlines, lodging properties, car rental companies, cruise lines and destination service providers. Expedia seeks to build and maintain long-term, strategic relationships with travel suppliers and GDS partners. An important component of the success of Expedia s business depends on its ability to maintain existing, as well as build new, relationships with travel suppliers and GDS partners.

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Travel Suppliers. Expedia strives to deliver value to its travel suppliers through a wide range of innovative, targeted merchandising and promotional strategies designed to increase their revenue, while simultaneously reducing their marketing transaction and customer service costs. Expedia s Partner Services Group consists mainly of strategic account managers and local market managers who work directly with travel suppliers to increase the marketing of their travel products and brands through Expedia s points of sale, including participation in seasonal and event-driven promotions.

In addition, Expedia has developed proprietary, supplier-oriented technology that streamlines the interaction between some of its websites and hotel central reservation systems, making it easier and more cost-effective for hotels to manage reservations made through Expedia s brands. Through this direct connect technology, hotels can upload information about available products and services and rates directly from their central reservation systems into Expedia s websites, as well as automatically confirm hotel reservations made by its travelers. In the absence of direct connect technology, both of these processes are generally completed manually via a proprietary extranet.

Distribution Partners. GDSs, also referred to as computer reservation services, provide a centralized, comprehensive repository of travel suppliers content such as availability and pricing of seats on various airline point-to-point flights, or segments. The GDSs act as intermediaries between the travel suppliers and travel agencies, allowing agents to reserve and book flights, rooms or other travel products.

Expedia uses Sabre and, to a lesser extent, Amadeus and Travelport as its GDS segment providers in order to ensure the widest possible supply of content for its travelers.

Fulfillment Partners. Expedia outsources a portion of its airline ticket fulfillment functions to third-party suppliers. Such functions include the issuance of airline tickets and related customer services.

Expedia s Marketing and Promotions

Expedia s marketing programs are intended to build and maintain the value of its various brands, drive traffic and conversion through its various brands and businesses, optimize ongoing traveler acquisition costs and strategically position its brands in relation to one another. Expedia s long-term success and profitability depend on its continued ability to maintain and increase the overall number of traveler transactions in a cost-effective manner.

Expedia s marketing channels primarily include online advertising, including search engine marketing and optimization, offline advertising, direct and/or personalized traveler communications on its websites as well as through direct e-mail communication with its travelers. The marketing programs and initiatives include promotional offers such as coupons as well as seasonal or periodic special offers from travel suppliers based on supplier relationships. In addition, Expedia offers several traveler loyalty programs to its worldwide travelers, including welcome rewards on Hotels.com and, beginning in 2011, Expedia Rewards on Expedia.com.

Expedia also makes use of affiliate marketing. The Expedia.com and Hotels.com-branded websites receive bookings from consumers who have clicked-through to the respective websites through links posted on affiliate partner websites. Expedia has agreements with thousands of third-party affiliate partners, including a number of leading travel companies, pursuant to which Expedia pays a commission for bookings originated from their websites. Affiliate partners can make travel products and services available through an Expedia-branded website, a co-branded website or their own private label website. Expedia also provides its affiliates with technology and access to a wide range of products and services.

Expedia s Operations and Technology

Expedia provides 24-hour-a-day, seven-day-a-week traveler sales and support by telephone or via e-mail. For purposes of operational flexibility, Expedia uses a combination of outsourced and in-house call centers. The call centers are located throughout the world, including extensive outsourced operations in the Philippines, El

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Salvador and Egypt. Expedia has made significant investments in its call center technologies in 2008 through 2010 and has plans to continue these investments going forward.

Expedia s systems infrastructure and web and database servers are housed in various locations, mainly in the United States, and have communication links as well as 24-hour monitoring and engineering support. The web hosting facilities have their own generators and multiple back-up systems. Significant amounts of Expedia-owned computer hardware for operating the websites are located at these facilities. For some critical systems, Expedia has both production and disaster-recovery facilities.

Expedia has developed innovative technology to power its global travel marketplace. For example, the Best Fare Search technology essentially deconstructs segment feeds in the United States from GDS partners for air flight searches and recommends the best way to re-assemble multi-leg itineraries so that they are less expensive and more flexible for the traveler. Expedia has recently made significant investments related to platform improvements, for example migrating the Hotels.com business onto a single platform, new hotel search capabilities, international site expansion, a variety of customer facing improvements across its brands, and new and increased data center capabilities. Expedia expects to continue to invest in technology improvements through 2011 and beyond.

Expedia s Competition

Expedia s brands compete in rapidly evolving and intensely competitive markets. Expedia believes the relatively low percentage of total travel sales transacted online, particularly in international markets, indicates that these markets represent especially large opportunities for Expedia and those of its competitors that wish to expand their brands and businesses abroad.

Expedia s competition, which is strong and increasing, includes online and offline travel companies that target leisure and corporate travelers, including travel agencies, tour operators, travel supplier direct websites and their call centers, consolidators and wholesalers of travel products and services, search engines, such as Google and Bing, and travel meta-search engines. Expedia faces these competitors in local, regional, national and/or international markets. In some cases, competitors are offering favorable terms and improved interfaces to suppliers and travelers which make competition increasingly difficult.

Expedia believes that maintaining and enhancing its brands is a critical component of its effort to compete. Expedia differentiates its brands from those of competitors primarily based on quality and breadth of travel products, channel features and usability, price or promotional offers, traveler service and quality of travel planning content and advice. The emphasis on one or more of these factors varies, depending on the brand or business and the related target demographic.

Expedia s brands face increasing competition from travel supplier direct websites. In some cases, supplier direct channels offer advantages to travelers, such as long standing loyalty programs, no transaction fees and better pricing. Expedia s websites feature travel products and services from numerous travel suppliers, and allow travelers to combine products and services from multiple providers in one transaction. Expedia faces competition from airlines, hotels, rental car companies, cruise operators and other travel service providers, whether working individually or collectively, some of which are suppliers to its websites. Expedia s business is generally sensitive to changes in the competitive landscape, including the emergence of new competitors or business models, and supplier consolidation.

Impact of the Spin-Off on Expedia s Operating Performance and Seasonality

The spin-off will result in a reduction to Expedia s overall results of operations. As disclosed in Annex B - Expedia, Inc. Unaudited Pro Forma Condensed Consolidated Financial Statements, Expedia estimates fiscal year 2010 revenue and operating income would have been reduced by approximately 10% and 31%, respectively, and for the six months ended June 30, 2011 by approximately 12% and 46%, respectively, had the spin-off and related transactions occurred on January 1, 2010.

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Additionally, Expedia generally experiences seasonal fluctuations in the demand for its travel products and services. For example, traditional leisure travel bookings are generally the highest in the first three quarters as travelers plan and book their spring, summer and holiday travel. The number of bookings typically decreases in the fourth quarter. Because revenue in the merchant business is generally recognized when the travel takes place rather than when it is booked, revenue typically lags bookings by several weeks or longer. As a result, revenue and income are typically the lowest in the first quarter and highest in the third quarter. Similarly, TripAdvisor typically comprises a larger portion of Expedia revenue and income during the first quarter. Thus, following the spin-off the seasonal impact on Expedia s business will likely be more pronounced, particularly in the first quarter, as the bookings versus recognition of revenue time lag under the merchant hotel business will represent a larger portion of Expedia s operating results without TripAdvisor. The continued growth of Expedia s international operations or a change in its product mix may influence the typical trend of the seasonality in the future.

Expedia s Intellectual Property Rights

Expedia s intellectual property rights, including its patents, trademarks, trade dress, proprietary technology, and trade secrets, are an important component of its business. For example, Expedia relies heavily upon its intellectual property rights in its content, brands, software code, proprietary technology, ratings indexes, informational databases, images, graphics and other components that make up its services. Expedia has acquired some of its intellectual property rights through licenses and content agreements with third parties.

Expedia protects its intellectual property by relying on its terms of use, confidentiality procedures and contractual provisions, as well as international, national, state and common law rights. In addition, Expedia enters into confidentiality and invention assignment agreements with employees and contractors, and confidentiality agreements with other third parties. Despite these precautions, it may be possible for a third-party to copy or otherwise obtain and use Expedia s trade secrets or its intellectual property without authorization which, if discovered, might require the uncertainty of legal action to correct. In addition, there can be no assurance that others will not independently and lawfully develop substantially similar properties.

Expedia maintains its trademark portfolio by filing trademark applications with the appropriate international trademark offices, maintaining appropriate registrations, securing contractual trademark rights when appropriate, and relying on common law trademark rights when appropriate. Expedia also registers copyrights and domain names as it deems appropriate. Expedia protects its trademarks, copyrights and domain names with an enforcement program and use of intellectual property licenses. Trademark and intellectual property protection may not be available or may not be sought, sufficient or effective in every jurisdiction where Expedia operates. Contractual disputes or limitations may affect the use of trademarks and domain names governed by private contract.

Expedia has considered, and will continue to consider, the appropriateness of filing for patents to protect future inventions, as circumstances may warrant. However, many patents protect only specific inventions and there can be no assurance that others may not create new products or methods that achieve similar results without infringing upon patents owned by Expedia.

From time to time, Expedia may be subject to legal proceedings and claims in the ordinary course of its business, including claims of alleged infringement or infringement by Expedia of the trademarks, copyrights, patents and other intellectual property rights of third parties. In addition, litigation may be necessary in the future to enforce its intellectual property rights, protect its trade secrets or to determine the validity and scope of proprietary rights claimed by others. Any such litigation, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could materially harm Expedia s business.

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Regulation Relevant to Expedia

Expedia must comply with laws and regulations relating to the travel industry and the provision of travel services, including registration in various states as sellers of travel and compliance with certain disclosure requirements and participation in state restitution funds. In addition, Expedia s businesses are subject to regulation by the U.S. Department of Transportation and must comply with various rules and regulations governing the provision of air transportation, including those relating to advertising and accessibility.

As Expedia continues to expand the reach of its brands into the European, Asia-Pacific and other international markets, Expedia is increasingly subject to laws and regulations applicable to travel agents in those markets, including, in some countries, laws regulating the provision of travel packages and industry specific value-added tax regimes. For example, the European Economic Community Council Directive on Package Travel Package Holidays and Package Tours imposes various obligations upon marketers of travel packages, such as disclosure obligations to consumers and liability to consumers for improper performance of the package, including supplier failure.

Expedia Employees

As of June 30, 2011, Expedia employed approximately 8,800 full-time and part-time employees, including approximately 2,000 employees of eLong and excluding TripAdvisor employees. Expedia believes the Company has good relationships with its employees, including relationships with employees represented by works councils or other similar organizations.

Expedia Financial Information about Segments and Geographic Areas

Expedia generates its revenue through a diverse customer base, and there is no reliance on a single customer or small group of customers; no customer represented 10% or more of total revenue for any period.

Excluding TripAdvisor, Expedia has two reportable segments: Leisure and Egencia. Segment and geographical information is contained in Note 17 Segment Information in the notes to Expedia s consolidated financial statements for the fiscal year ended December 31, 2010, which financial statements and notes are incorporated by reference into this proxy statement/prospectus.

Expedia Properties

As of June 30, 2011, Expedia leases approximately 1.2 million square feet of office space worldwide, pursuant to leases with expiration dates through September 2020.

Expedia leases approximately 407,000 square feet for its headquarters in Bellevue, Washington, pursuant to a lease with an expiration date of October 2018. Expedia also leases approximately 350,000 square feet of office space for its domestic operations in various cities and locations in Arizona, California, Florida, Hawaii, Idaho, Illinois, Missouri, Nevada, New Jersey, New York, Texas and Washington DC, pursuant to leases with expiration dates through November 2015.

Expedia also leases approximately 408,000 square feet of office space for its international operations in various cities and locations, including Australia, Argentina, Belgium, Brazil, Canada, China, Czech Republic, France, Germany, Greece, India, Ireland, Italy, Japan, Mexico, the Netherlands, Singapore, South Korea, Spain, Sweden, Switzerland, Thailand, Turkey, United Arab Emirates and the United Kingdom, pursuant to leases with expiration dates through September 2020.

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Information about TripAdvisor After the Spin-Off

The following disclosure regarding TripAdvisor and its businesses assumes the completion of the spin-off. For information regarding the results of operations of TripAdvisor on an historical basis, see the combined financial statements of TripAdvisor Holdings, LLC included in Annex E to this proxy statement/prospectus and the disclosure set forth under the caption Management s Discussion and Analysis of Financial Condition and Results of Operations of TripAdvisor. For information regarding the results of operations of TripAdvisor on a pro forma basis to give effect to the completion of the spin-off, see the unaudited pro forma condensed consolidated financial statements for TripAdvisor included in Annex C to this proxy statement/prospectus.

TripAdvisor Overview

TripAdvisor is an online travel research company, empowering users to plan and enjoy the ideal trip. TripAdvisor s travel research platform aggregates reviews and opinions of members about destinations, accommodations (including hotels, B&Bs, specialty lodging and vacation rentals), restaurants and activities throughout the world through its flagship TripAdvisor brand. TripAdvisor-branded websites include tripadvisor.com in the United States and localized versions of the website in 29 countries, including in China under the brand daodao.com. TripAdvisor-branded websites globally received more than 50 million unique visitors in July 2011 (according to comScore) and have built a marketable base of more than 20 million members and over 50 million reviews and opinions. Beyond travel-related content, TripAdvisor websites also include links to the websites of its advertisers, including travel advertisers, allowing travelers to directly book their travel arrangements. In addition to the flagship TripAdvisor brand, TripAdvisor manages and operates websites under 18 other travel media brands, connected by the common goal of providing comprehensive travel planning resources across the travel sector.

TripAdvisor History and Brands

Corporate Background. TripAdvisor, Inc., a Delaware corporation, was formed in July 2011 in connection with the spin-off from Expedia to hold the travel media brands associated with the TripAdvisor businesses, as reflected in the TripAdvisor Holdings, LLC combined financial statements. The original TripAdvisor business was founded in February 2000 and was acquired by IAC/InterActiveCorp in April 2004. In August 2005, IAC/InterActiveCorp spun out its portfolio of travel brands, including TripAdvisor, into a separate company under the newly-formed Delaware corporation, Expedia, Inc. The mailing address of TripAdvisor s principal executive offices is 141 Needham Street, Newton, MA 02464, and TripAdvisor s telephone number at that location is (617) 670-6300.

Evolution of TripAdvisor-Branded Websites. Since the initial launch of the U.S.-based tripadvisor.com website in November 2000, TripAdvisor-branded websites have been added in the following locations:

Website	Target Location	Language	Launch Date
tripadvisor.ie	Ireland	English	January 2006
tripadvisor.co.uk	United Kingdom	English	January 2006
tripadvisor.fr	France	French	May 2007
tripadvisor.de	Germany	German	May 2007
tripadvisor.it	Italy	Italian	January 2008
tripadvisor.es	Spain	Spanish	January 2008
tripadvisor.in	India	English	August 2008
tripadvisor.jp	Japan	Japanese	October 2008
tripadvisor.com.br	Brazil	Portuguese	April 2009
daodao.com	China	Chinese (Simplified)	April 2009
tripadvisor.nl	Netherlands	Dutch	April 2009
tripadvisor.se	Sweden	Swedish	April 2009
tripadvisor.ca	Canada	English	August 2009
tripadvisor.dk	Denmark	Danish	December 2009
tripadvisor.com.mx	Mexico	Spanish	December 2009
tripadvisor.com.tr	Turkey	Turkish	December 2009

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Website	Target Location	Language	Launch Date
tripadvisor.com.au	Australia	English	March 2010
no.tripadvisor.com	Norway	Norwegian	March 2010
pl.tripadvisor.com	Poland	Polish	March 2010
tripadvisor.com.sg	Singapore	English	August 2010
tripadvisor.co.kr	South Korea	Korean	August 2010
th.tripadvisor.com	Thailand	Thai	August 2010
tripadvisor.ru	Russia	Russian	October 2010
tripadvisor.gr	Greece	Greek	October 2010
tripadvisor.co.id	Indonesia	Bahasa	November 2010
tripadvisor.com.ar	Argentina	Spanish	December 2010
tripadvisor.tw	Taiwan	Chinese (Traditional)	February 2011
tripadvisor.com.my	Malaysia	English	March 2011
tripadvisor.com.eg	Egypt	Arabic	June 2011

Other Travel Brands and Websites. In addition to the flagship TripAdvisor-branded websites, TripAdvisor has also acquired and launched numerous other travel brands, connected by the common characteristic of providing travelers with valuable planning resources across the travel sector. These brands have expanded TripAdvisor s reach, product breadth and appeal to domestic and international advertisers. Brands acquired include:

Website	Date Acquired	Key Focus
travel-library.com	September 2006	Website with user-generated reviews.
travelpod.com	December 2006	Pioneering travel blog website.
smartertravel.com	February 2007	One of the largest online travel resources of independent expert advice for the budget-conscious traveler. The SmarterTravel editorial staff provides advice and analysis to help travelers find the best deals and get the most value from their trips.
bookingbuddy.com	February 2007	Travel shopping website that gives travelers easy access to the best airfare, hotel, car rental, cruise, vacation rental, and vacation deals, plus prices from selected travel sites.
seatguru.com	March 2007	Features aircraft seat maps, seat reviews, and a color-coded system to identify superior and substandard airline seats.
independenttraveler.com	May 2007	Established in 1990 as an interactive traveler s exchange and comprehensive online travel guide for a community of cruise travelers.
cruisecritic.com	May 2007	Cruise review community website with information for cruisers written by editors, news on cruising and a forum.
holidaywatchdog.com	January 2008	U.K.-based website for traveler reviews on hotels and destinations focusing on the Mediterranean.
airfarewatchdog.com	March 2008	Provides up-to-date airline deals that have been researched and verified by a team of dedicated airfare experts.

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Website	Date Acquired	Key Focus
virtualtourist.com	June 2008	Travel-oriented community website featuring user-contributed travel guides for locations worldwide.
onetime.com	June 2008	Comparison shopping travel website that allows travel shoppers to conduct itinerary-based, multi-site searches for flights, hotels, cruises, vacations, and car rentals.
flipkey.com	August 2008	A vacation rental website featuring the largest collection of vacation rental guest reviews on vacation rental properties around the world.
kuxun.com	October 2009	Travel metasearch engine operating in China.
holidaylettings.co.uk	June 2010	A leading U.K.-based vacation rental site, featuring properties listed globally.
everytrail.com	February 2011	Mobile application and website for collecting and sharing geo-tagged user-generated travel content, such as walking tours and itineraries.
whereivebeen.com	July 2011	Website and social platform with a detailed interactive world map that lets users share where they ve been, lived, and want to go.

Brands developed internally and launched include:

Website	Date Launched	Key Focus
familyvacationcritic.com	June 2009	Reviews of family-friendly hotels, resorts, destinations and attractions.
sniqueaway.com	September 2010	U.S.-based members-only private sale website, providing exclusive limited time access to deals on top hotels at deep discounts. This first-of-its-kind members-only website offers limited-time discounts exclusively on traveler-endorsed properties that have received a minimum four out of five-star rating (or its equivalent for smaller properties) on TripAdvisor.

TripAdvisor s Industry

TripAdvisor operates in the online advertising sector of the global travel industry.

Global Travel Market and Online Penetration. Gross bookings in the worldwide travel market are expected to be greater than $900 billion in 2011 and 2012. Recent historical trends show that, each year, an increasing percentage of global travel spending has been conducted online through supplier websites and online travel

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agencies. TripAdvisor believes that this trend will continue as online penetration continues, as more and more consumers gain broadband access to the internet, as mobile smartphone and other devices continue to proliferate, and as travel grows along with an expanding middle class in certain developing countries like China and India.

According to PhoCusWright s Global Online Travel Overview (April 2011), the global online leisure and unmanaged business travel segment is expected to grow twice as fast as the total global travel market, with gross booking in this online segment expected to surpass $300 billion globally in 2012. The report further estimates that travelers will book one-third of the world s travel sales online by the end of 2012. Among the four regions studied by PhoCusWright, the United States and Europe represent more than three-fourths of all online sales, but less than two-thirds of total travel sales. As online travel bookings in the emerging markets of Asia Pacific and Latin America accelerate, these regions are expected to comprise an increasing share of the online travel market. TripAdvisor believes that the internet will become increasingly integral to the travel-planning process due to increasing worldwide online penetration, particularly given the capability that the internet provides travelers to refine searches, compare destinations and view real-time pricing. With internet penetration currently estimated at 29% globally (77% in North America, 58% in Europe, 35% in Latin America and 21% in Asia), TripAdvisor believes there is potential to grow in all markets.

Online Advertising. The global online advertising market is growing and is projected to exceed $100 billion by 2014, as more and more advertisers continue to shift their spending from offline to online channels, mirroring the trend in consumer media consumption generally. For travel specifically, International Data Corporation estimates that annual expenditures for global online travel advertising in 2011 will be over $5 billion and are projected to grow at a compound annual rate of 15% through 2014. Given the size of the travel market, TripAdvisor believes that travel providers and travel related advertisers are, and will continue to be, motivated to devote significant resources to advertise their travel products and services. In addition, as more and more travel dollars are spent online generally, an increasing amount of travel advertising spending is expected to migrate from traditional offline advertising channels to online advertising opportunities.

TripAdvisor s Business Strategy

Just over a decade ago, travel research and planning was largely conducted with the assistance and guidance of a personal travel agent or advice from friends and family. Consumers had no single resource to access for recent and comprehensive destination, lodging, restaurant and attraction feedback and information. TripAdvisor was founded with the goal of giving more control to the prospective traveler. By using the power of the internet to create transparency in the travel planning process with a comprehensive online resource for travel information, TripAdvisor democratized the travel research and planning process. For any customer with access to the internet, TripAdvisor provides the ability and information to plan and enjoy the ideal trip.

In order to achieve its goals, TripAdvisor leverages its critical assets a robust community of users, technology and a commitment to continuous innovation and global reach. A discussion of the critical assets that TripAdvisor leverages in achieving its business strategy follows:

Robust Community of Users. TripAdvisor believes that the best travel content comes from the wisdom and insight of a robust community of real travelers. TripAdvisor leverages user-generated content to power travel planning by allowing members to create reviews and share opinions on hundreds of thousands of accommodations, destinations, attractions and restaurants. As evidenced by the growth in the business, this type of travel planning has been embraced by travelers. In July 2006, for example, TripAdvisor hosted more than five million user reviews and opinions with respect to approximately 220,000 hotels and attractions. Five years later, in July 2011, TripAdvisor-branded websites provide consumers with over 50 million user reviews and opinions with respect to more than 700,000 accommodations, 675,000 restaurants and 145,000 attractions. Through the first six months of 2011, on average, more than 25 new contributions were posted to TripAdvisor-branded websites every minute.

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By providing an interactive forum to share travel experiences, TripAdvisor allows the voice of real travelers to influence travel purchase decision-making during the trip-planning phase. To ease planning, TripAdvisor enables consumers to research pricing and availability from third-party travel booking sites, once customers have identified the right hotel or destination for their travel needs. To facilitate better travel experiences for consumers and to create a feedback loop between the hospitality industry and individual travelers, TripAdvisor allows hospitality management representatives to respond to reviews of their properties on the TripAdvisor website. TripAdvisor has also launched in-market seminars to help hotel industry professionals better understand how to create a better experience for the TripAdvisor community. To promote an enthusiastic reviewer community, TripAdvisor has launched several programs to recognize reviewer contributions, including site badges, helpful vote recognition, and other community-focused features, all of which highlight the active and helpful reviews available throughout the TripAdvisor community.

TripAdvisor expends significant efforts with respect to manual and electronic fraud detection in order to maintain the quality and authenticity of user reviews, and has clear posting guidelines for user content submission. TripAdvisor believes that the robust feedback loop created on TripAdvisor-branded websites and the volume of reviews generated provide a sustainable advantage over competitors. TripAdvisor believes it has the greatest breadth of content in its markets, and that, because of this breadth, travelers gravitate to TripAdvisor to research their travel plans. After completing their trip, consumers can return to TripAdvisor to write reviews to give back to the community that helped them plan their trip. Through this virtuous cycle, more content is generated, which drives community, traffic, loyalty and higher search engine rankings, all of which leads to even further content creation.

Technology and Innovation. TripAdvisor focuses heavily on speed-to-market and product innovation in order to create a richer experience for travelers, and the team deploys frequent engineering releases with new products and features. Some recent examples of this innovation include incorporating instant personalization of the tripadvisor.com website with Facebook so that travelers can benefit from the experiences of friends by highlighting reviews and creating an interactive social map featuring destinations visited; creating review summarization tools to facilitate easier consumption of review content; and adding comprehensive flight metasearch and ratings in international points of sale. TripAdvisor is also heavily investing in the rapidly-growing mobile channel, developing industry-leading mobile websites as well as tablet and smartphone applications that are currently available in a variety of languages. TripAdvisor s innovation also extends to content syndication, leveraging its technology and content for the benefit of other websites.

Global Reach. TripAdvisor maintains a global presence both through the reach of its global portfolio of 30 websites and through its in-market staffing in more than ten countries. The flagship TripAdvisor brand operates websites in 30 countries in 21 languages, including in China under the brand daodao.com. TripAdvisor believes that its core TripAdvisor platform and many of its other brands are uniquely positioned to appeal to travelers globally, in that they strive to provide universally-relevant content and community.

In expanding its global reach, TripAdvisor leverages significant investments in technology, operations, brand-building, advertiser and other partner relationships. For example, TripAdvisor is able to aggregate a large base of consumer reviews, in a variety of languages, from its global core platform. TripAdvisor expects to continue leveraging this investment when launching additional points of sale in new countries, introducing new product features and adding new business model offerings.

TripAdvisor s Business Model

TripAdvisor derives substantially all of its revenue from the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. The remainder of TripAdvisor s revenue is generated through a combination of subscription-based offerings, content licensing and its recently-launched private sale site, SniqueAway.

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Click-Based Advertising Revenue. TripAdvisor s largest source of revenue is click-based advertising, which includes TripAdvisor s check rates feature as well as contextually-relevant branded and unbranded textlinks. The check rates feature enables users to compare pricing and availability for a particular hotel on particular dates across different advertisers booking engines and thereby delivers a highly-targeted audience deep into the booking paths of the advertisers websites. TripAdvisor s click-based advertising partners are predominantly online travel agencies and direct suppliers in the hotel, airline and cruise product categories. Click-based advertising is generally priced on a cost-per-click (or CPC) basis, with payments from advertisers based on the number of users who click on each type of link. Advertisers who increase their CPC rates generally get improved positioning of, and thereby an increased number of clicks from, their click-based advertising on TripAdvisor. In some cases, contracts with advertisers are on a cost per acquisition or revenue-share basis, whereby TripAdvisor is paid a fixed price per booking or a negotiated percentage of the gross profit on bookings generated from TripAdvisor-sourced visitors. In such cases, TripAdvisor converts such payments back into an effective CPC rate in order to determine the relative position of such advertiser s links within TripAdvisor s overall display. Most of TripAdvisor s click-based advertising contracts can be terminated by the advertisers at will or on short notice.

Display-Based Advertising Revenue. TripAdvisor also earns revenue from a variety of display-based advertising placements on its websites through which its advertising partners can promote their brands in a contextually-relevant manner. While purchasers of TripAdvisor s display-based advertising include direct suppliers in the hotel, airline and cruise categories and online travel agencies, TripAdvisor has also broadened its advertiser base to include destination marketing organizations, casinos, resorts and attractions, as well as advertisers from non-travel categories. TripAdvisor generally sells its display-based advertising on a cost per thousand impressions (or CPM) basis. TripAdvisor s display-based advertising products also include a number of custom-built products including the sponsorship of certain site features and functionality, as well as certain customized co-branded features.

Subscription and Other Revenue. TripAdvisor also offers advertising via classified listings that are sold for a flat fee with both annual and monthly payment models available. This advertising product is currently offered to hotels, B&Bs and other specialty lodging properties and allows subscribers to list a website URL, email address and phone number on the TripAdvisor-branded websites as well as to post special offers for travelers. Individual vacation property owners or managers can also pay an annual subscription fee to list properties with TripAdvisor s Holiday Lettings and FlipKey websites, as well as with select TripAdvisor-branded websites. Other sources of revenue include licensing TripAdvisor content to its partners and marketing discounted hotel room nights and coupons on its private members-only website, SniqueAway.

TripAdvisor s Strategic Relationships

Critical to TripAdvisor s success are its relationships with online travel agencies, travel suppliers and other partners.

Expedia Brands. In recent years, TripAdvisor s commercial arrangements with Expedia businesses, pursuant to which Expedia has purchased click-based advertising from TripAdvisor, have primarily been on a revenue-share basis (which TripAdvisor converts to effective CPCs). For the year ended December 31, 2010, approximately $171 million or 35% of TripAdvisor s total revenue was derived from Expedia businesses. Following the spin-off, new commercial arrangements with Expedia businesses, including Expedia.com and Hotels.com, all of which are intended to reflect arms -length terms, are expected to be implemented and are described in Proposal 1 The Spin-Off Proposal Relationship Between Expedia and TripAdvisor After the Spin-Off elsewhere in this proxy statement/prospectus. The new arrangements are expected to have terms of up to one year. Following the spin-off, Expedia expects to reduce the percentage of gross profit (on bookings generated from TripAdvisor-sourced visitors) that it pays to TripAdvisor for click-based advertising, which it expects will have the effect of reducing its marketing spend with TripAdvisor, although TripAdvisor expects that some of this lost revenue may be replaced by advertising from other customers. See the Unaudited Pro Forma Condensed Consolidated Financial Statements for Expedia and TripAdvisor, and the related notes, in Annex B and C, respectively, for further information.

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Other Click-Based Advertisers. TripAdvisor has click-based advertising relationships with the vast majority of the leading online travel agencies globally as well as a variety of travel suppliers pursuant to which these companies purchase traveler leads from TripAdvisor, generally on a CPC basis. These relationships are strategically important to TripAdvisor but most can be terminated by the advertiser with very short notice.

Content-Related Partnerships. TripAdvisor has a content licensing program utilized by over 250 licensed partners across the world, including hotel chains, online travel agents, tourist boards, airlines and media sites. Partners benefit from TripAdvisor s user-generated content, such as reviews, ratings, and traveler forums. In addition, TripAdvisor powers review collection for partners such as Accor Hotels, enabling them to collect reviews from their own customers post-stay. TripAdvisor is also developing mobile partnerships with carriers and mobile device manufacturers such as Nokia, which has pre-installed a customized version of the TripAdvisor mobile application on its mobile devices.

Syndication Partners. TripAdvisor also syndicates its CPC advertising services to third-party websites. The largest such syndication relationship is with Yahoo! Travel Guides, pursuant to which TripAdvisor is the exclusive provider of check rates advertising on the Yahoo! Travel Guides hotel pages for a multi-year term.

TripAdvisor s Competition

TripAdvisor faces competition for travel reviews, users and advertisers. TripAdvisor s primary competitors include large search engines, such as Google and Google Places, Yahoo! and Yahoo! Travel, Microsoft s Bing and Bing Travel, and Baidu, and online travel agencies, such as Expedia and Priceline and their respective subsidiaries. TripAdvisor also competes with a wide range of other companies, including, among others, Ctrip, HolidayCheck, HomeAway, Kayak, Qunar, TravelZoo and Yelp. As the market evolves for online travel content and the technology supporting it, including new platforms such as mobile and tablet competing devices, TripAdvisor anticipates that the existing competitive landscape will change and new competitors may emerge.

Competition for Content and Travel Reviews. After the spin-off, TripAdvisor expects to be the leading global platform for travel-related reviews and opinions. While several more regionally-focused competitors do exist, these competitors currently lack the global scale enjoyed by TripAdvisor, although they could achieve similar scale over time.

TripAdvisor also faces competition in the travel review space from online travel agencies, such as Expedia and Priceline and their respective subsidiaries, which solicit reviews from travelers who book travel on their websites. Moreover, networks with significant installed user bases such as Google (via Google Places) have begun to, and other networks or platforms, like Facebook, could choose to, compete more directly by attracting and accumulating user-generated travel reviews and opinions or may pursue the acquisition of travel-related content directly from consumers.

Competition for Users. In the competition to attract users, TripAdvisor relies on its ability to acquire traffic through offline brand recognition and brand-direct efforts such as email, paid search advertising, and natural search traffic. Natural search traffic results correlate to how TripAdvisor s pages are indexed in search engines and how prominently those pages are displayed in search results. Natural search traffic can be affected by a number of factors including competitive site content, changes to TripAdvisor site architecture and page designs, changes to search engine ranking algorithms, or changes to display ordering in search engine results such as preferred placement for internal products offered by search engines. Search engine advertising is a competitive marketplace with competitors continually updating their traffic acquisition strategies and economic models across a large number of keywords and markets.

Competition for Advertisers. TripAdvisor competes with search engines, such as Google, Bing, and Yahoo! Search, online media companies and ad networks, as well as offline advertising sources, such as television and print media, for travel supplier, online travel agency and other travel-related advertising dollars. These competitors have large client bases and significantly greater resources than those of TripAdvisor, and

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competition from these parties could cause TripAdvisor to lose advertising customers or share of advertising expenditures. Despite the competitive environment for advertisers, TripAdvisor currently provides well-qualified travel leads that result in increased brand exposure and traffic for its advertising partners.

TripAdvisor s Intellectual Property Rights

TripAdvisor s intellectual property, including patents, trademarks, copyrights, domain names, trade dress, proprietary technology and trade secrets, is an important component of its business. TripAdvisor relies on its intellectual property rights in its content, proprietary technology, software code, ratings indexes, databases of reviews and forum content, images, videos, graphics and brands. TripAdvisor has acquired some of its intellectual property rights through licenses and content agreements with third parties. These licenses and agreements may place restrictions on TripAdvisor s use of the intellectual property.

TripAdvisor protects its intellectual property by relying on its terms of use, confidentiality procedures and contractual provisions, as well as on international, national, state and common law rights. In addition, TripAdvisor enters into confidentiality and invention assignment agreements with employees and contractors, and confidentiality agreements with other third parties.

TripAdvisor protects its brands by pursuing the registration of its core brands, such as TripAdvisor and the Owl Logo, maintaining its trademark portfolio, securing contractual trademark rights when appropriate, and relying on common law trademark rights when appropriate. TripAdvisor also registers copyrights and domain names as deemed appropriate. TripAdvisor also protects its trademarks, domain names and copyrights with an enforcement program and use of intellectual property licenses.

Intellectual property protection may not be available or may not be sought, sufficient or effective in every jurisdiction where TripAdvisor operates. Contractual disputes or limitations may affect the use of TripAdvisor s intellectual property governed by private contract. In addition, TripAdvisor may not locate or pursue every trademark, domain name or copyright infringement that exists. The failure to protect its intellectual property in an effective manner, or challenges to its intellectual property rights, could materially adversely affect TripAdvisor s business or ability to compete, result in erosion of its brand names and content and/or limit its ability to control marketing on or through the internet using TripAdvisor s various domain names. Any unauthorized use of TripAdvisor s intellectual property may cause it to incur substantial costs and diversion of management and technical resources, any of which could adversely affect its business or ability to compete.

TripAdvisor has considered, and will continue to consider, the appropriateness of filing for patents to protect future inventions, as circumstances may warrant. However, many patents protect only specific inventions and there can be no assurance that others may not create new products or methods that achieve similar results without infringing upon patents owned by TripAdvisor.

From time to time, TripAdvisor may be subject to legal proceedings and third-party claims in the ordinary course of business, including claims of alleged infringement or violation by TripAdvisor of the trademarks, copyrights, patents and other intellectual property rights of third-parties. In addition, litigation may be necessary in the future to enforce TripAdvisor s intellectual property rights, protect its trade secrets, or to determine the validity and scope of proprietary rights claimed by others. Any such litigation, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could materially harm TripAdvisor s business.

Regulation Relevant to TripAdvisor

In the ordinary course of business, TripAdvisor and its subsidiaries are parties to legal proceedings and claims involving alleged infringement of third-party intellectual property rights, defamation, and other claims. There may be claims or actions pending or threatened against TripAdvisor of which TripAdvisor is currently not aware and the ultimate disposition of which would have a material adverse effect on TripAdvisor.

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TripAdvisor provides advertising data and information and conducts marketing activities that are subject to federal, state and foreign consumer protection laws that regulate unfair and deceptive practices. The United States and European Union are increasingly adopting legislation that regulates certain aspects of the internet and online commerce that may relate to liability for information retrieved from or transmitted over the internet, online editorial and user-generated content, user privacy, behavioral targeting and online advertising, taxation, liability for third-party activities and the quality of products and services.

Federal, state, local and foreign governments are also considering alternative legislative and regulatory proposals that would increase regulation on internet advertising. It is impossible to predict whether new taxes or regulations will be imposed on TripAdvisor s services, and whether or how TripAdvisor might be affected. Increased regulation of the internet could increase the cost of doing business or otherwise materially adversely affect TripAdvisor s business, financial condition or results of operations.

TripAdvisor Employees

As of June 30, 2011, TripAdvisor had just over 1,100 employees. Of these employees, approximately 660 were based in the United States. None of its employees is represented by a labor union or is subject to a collective bargaining agreement. TripAdvisor believes that relations with its employees are good.

TripAdvisor Properties

TripAdvisor leases approximately 108,000 square feet for its corporate headquarters in Newton, Massachusetts. It also leases an aggregate of approximately 110,000 square feet at 18 other locations across North America, Europe and Asia, primarily for TripAdvisor s international management teams, sales offices, and subsidiary headquarters. TripAdvisor believes that its current facilities are adequate for its current operations and that additional leased space can be obtained on reasonable terms if needed.

TripAdvisor Seasonality

Expenditures by travel advertisers tend to be seasonal. Traditionally, TripAdvisor s strongest quarter has been the third quarter, which is a key travel research period, with the weakest quarter being the fourth quarter. However, adverse economic conditions or continued growth of its international operations with differing holiday peaks may influence the typical trend of TripAdvisor s seasonality in the future.

TripAdvisor Capitalization

The following table presents TripAdvisor s cash and short-term investments and capitalization as of June 30, 2011 on a historical basis and on an unaudited pro forma basis giving effect to the spin-off and planned TripAdvisor financing. The pro forma amounts for the spin-off and financing include $400 million in indebtedness that TripAdvisor expects to owe at the time of its separation from Expedia. Prior to the spin-off, TripAdvisor expects to distribute to Expedia the net proceeds of the financing and any cash on hand in excess of $165 million, which amount would be expected to be retained. The spin-off of TripAdvisor and the related financing transactions are described in Annex C in the notes to TripAdvisor s Unaudited Pro Forma Condensed Consolidated Financial Statements, which pro forma financial statements give effect to the spin-off and financing transactions as if they had been consummated on June 30, 2011 for balance sheet purposes and on January 1, 2010 for statement of operations purposes.

The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information, and TripAdvisor believes such assumptions are reasonable under the circumstances.

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The table below is not necessarily indicative of TripAdvisor s cash and short-term investments and capitalization had the spin-off and the related financing transactions been completed on June 30, 2011. The capitalization table below may not reflect the capitalization or financial condition which would have resulted had TripAdvisor been operating as an independent, publicly-traded company at that date and is not necessarily indicative of TripAdvisor s future capitalization or financial condition.

	As of June 30, 2011	
	Actual	As Adjusted
	(In thousands)	
Cash and short-term investments(1)	$ 132,691	$ 165,000
Debt obligations(2)(3)		
Debt obligations	$ 4,635	$ 404,635
Equity		
Invested equity	648,283	
Common stock		124
Class B common stock		13
Additional paid-in capital		208,473
Accumulated other comprehensive loss	(1,271)	(1,271)
Total Equity	647,012	207,339
Total Capitalization	$ 651,647	$ 611,974

(1) Actual balance includes cash and cash equivalents of $112 million and short-term investments of $21 million.

(2) At the time the spin-off is effective, TripAdvisor also expects to have entered into a $200 million revolving credit facility with a term of five years, which is assumed to be unused at the time of the spin-off.

(3) The five-year, $400 million term loan will be repayable in quarterly installments equal to 1.25% of the original principal amount in year 2012 and 2.5% of the original principal amount in each year thereafter with the balance due on the final maturity date.

Management s Discussion and Analysis of Financial Condition and Results of Operations of TripAdvisor

The following discussion describes the financial condition and results of operations of TripAdvisor as though TripAdvisor were a separate company as of the dates and for the periods presented and includes the businesses, assets and liabilities that will comprise TripAdvisor following the spin-off. You should read this discussion in conjunction with TripAdvisor s combined financial statements and accompanying notes included in Annex E to this proxy statement/prospectus.

Spin-Off

On April 7, 2011, Expedia announced its plan to separate into two independent public companies. The transaction is referred to as the spin-off and the new company that will hold the TripAdvisor travel media brands is referred to as TripAdvisor.

Overview

TripAdvisor is an online travel research company, empowering users to plan and enjoy the ideal trip. TripAdvisor s travel research platform aggregates reviews and opinions of members about destinations, accommodations, restaurants and activities throughout the world through its flagship TripAdvisor brand. TripAdvisor branded websites include tripadvisor.com in the United States and localized versions of the website in 29 countries, including in China under the brand daodao.com. In addition to the flagship TripAdvisor brand, TripAdvisor manages and operate websites under 18 other travel media brands, connected by the common goal of providing comprehensive travel planning resources across the travel sector.

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Current Trends Affecting TripAdvisor s Business

Increasing Competition. The travel review industry and, more generally, the business of collecting and aggregating travel-related resources and information, has become increasingly competitive. In recent years, an increasing number of companies, such as search companies Google and Baidu and several large online travel agencies, have begun to collect and aggregate travel information and resources. TripAdvisor plans to continue to invest in order to remain the leading source of travel reviews as well as continuing to enhance its content and user experience.

Increasing Use of Internet and Social Media to Access Travel Information. Commerce, information and advertising continue to migrate to the internet and away from traditional media outlets. TripAdvisor believes that this trend will create strategic growth opportunities, allowing TripAdvisor to attract new consumers and develop unique and effective advertising solutions.

Consumers are increasingly using online social media, such as Facebook, as a means to communicate and exchange information, including travel information and opinions. Consumers are also increasingly using mobile and tablet computing devices to access the internet. To address these demands, TripAdvisor has developed and continues to develop mobile and tablet applications to allow greater access to the company s travel information and resources. In addition, TripAdvisor has made significant efforts related to social networking in order to leverage the expanded use of this channel.

Cost-Per-Click. In recent years, a majority of TripAdvisor s revenue growth resulted from higher click-based revenue due to increased traffic on its websites and an increase in the volume of clicks on advertisers placements. Although click-based revenue growth has not generally been driven by CPC pricing, TripAdvisor remains focused on the various factors that could impact CPC pricing fluctuations, including, but not limited to, the overall economy, the ability of advertisers to monetize TripAdvisor s traffic, the quality and mix of traffic to TripAdvisor, the quality and mix of traffic from TripAdvisor s advertising placements to advertisers, as well as advertisers evolving approach to transaction attribution models and return on investment targets.

Global Economic Conditions. In late 2008 and throughout 2009, weak global economic conditions created uncertainty for travelers and suppliers, and pressured discretionary spending on travel and advertising. As a result, TripAdvisor s revenue growth slowed in 2009 with a corresponding pull back in sales and marketing and a reduction in general and administrative expenses. Throughout 2010 and into 2011, the travel industry has been gradually improving after weathering the recession in 2009. With the improved economic conditions, TripAdvisor reaccelerated sales and marketing spending and increased other operating costs to support expansion and has experienced increased click volumes and revenue growth during these periods. Global economic conditions remain uncertain and, as such, TripAdvisor s near-term visibility remains limited.

Commercial and Other Arrangements with Expedia Businesses

Following the spin-off, new commercial arrangements with Expedia businesses, including Expedia.com and Hotels.com, are expected to be implemented and are described in Proposal 1 The Spin-Off Proposal Relationship Between Expedia and TripAdvisor After the Spin-Off. The new arrangements are expected to have terms of up to one year. Following the spin-off, Expedia expects to reduce the amount it pays to TripAdvisor (on bookings generated from TripAdvisor-sourced visitors) for click-based advertising, which it expects will have the effect of reducing its marketing spend with TripAdvisor. TripAdvisor expects that some of this lost revenue may be replaced by advertising from other customers. TripAdvisor estimates annual net revenue may be reduced by approximately 2% to 5%.

In addition to the new commercial arrangements, TripAdvisor and Expedia will enter into various other agreements, including a separation agreement, a tax sharing agreement, an employee matters agreement and a transition services agreement.

The separation agreement provides that Expedia will, immediately prior to the spin-off, contribute or otherwise transfer to TripAdvisor all of the subsidiaries and assets, and TripAdvisor or one of its subsidiaries will assume all of the liabilities, of the travel media brands associated with the TripAdvisor businesses, as reflected in

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the TripAdvisor Holdings, LLC combined financial statements. The tax sharing agreement will govern Expedia s and TripAdvisor s respective rights, responsibilities and obligation after the spin-off with respect to various tax matters. Under the tax sharing agreement, TripAdvisor will generally be responsible for pre-distribution taxes attributable to the TripAdvisor business, of which the best estimate is included in TripAdvisor s standalone tax provision. However, the ultimate resolution of tax matters upon audit may be greater than or less than the liabilities recorded, the impact of which cannot be estimated at this time. The employee matters agreement covers a wide range of compensation and benefit issues related to the spinoff. The impact, if any, on TripAdvisor s financial results and results of operations in future periods as a result of these agreements cannot be estimated.

Under the transition services agreement Expedia will provide to TripAdvisor on an interim, transitional basis, various services, including governmental affairs, finance and accounting services, corporate sourcing, legal affairs, systems support and assistance with certain public company functions, and such other services as to which Expedia and TripAdvisor mutually agree. The charges for these services will be on a cost plus fixed percentage or hourly rate basis to be agreed upon prior to the completion of the spin-off are not expected to exceed $1 million for 2012.

Segment

TripAdvisor has one reportable segment. The segment is determined based on how TripAdvisor s chief operating decision maker manages TripAdvisor s business, makes operating decisions and evaluates operating performance.

Results of Operations for the Three and Six Months Ended June 30, 2011 and 2010 and the Years Ended December 31, 2010, 2009 and 2008

Revenue

TripAdvisor derives substantially all of its revenue through the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. In addition, TripAdvisor earns revenue through a combination of subscription-based offerings, content licensing and its recently launched private sale website, SniqueAway.

The following discussion of revenue refers to the number of unique internet protocol (IP) addresses that visit TripAdvisor-branded sites each month. This metric is used by TripAdvisor to analyze revenue and is measured using internally developed analytical tools. Each unique IP address is only counted the first time it visits a TripAdvisor site during each calendar month. TripAdvisor s measurement of unique visitors does not include any visitors to its subsidiary sites that are not TripAdvisor-branded, nor does it include any individuals who view TripAdvisor content on other sites. This measurement of unique visitors is important to TripAdvisor as it correlates to the potential volumes of clicks and impressions that TripAdvisor is able to generate, which are key drivers to its click-based advertising and display-based advertising revenues.

	Three months ended June 30,		% Change	Six months ended June 30,		% Change
	2011	2010		2011	2010	
	($ in millions)			($ in millions)		
Click-based advertising	$ 134	$ 102	31%	$ 254	$ 199	28%
Display-based advertising	23	19	21%	42	35	20%
Subscription and other	12	4	207%	22	5	310%
Total revenue	$ 169	$ 125	35%	$ 318	$ 239	33%

Monthly unique IP addresses to the TripAdvisor-branded sites increased 42% and 38% during the three and six months ended June 30, 2011, compared to the same periods in 2010, which was the primary contributing factor to the higher click-based and display-based advertising revenue in the respective periods.

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Subscription and other revenue grew due to the launch of Business Listings in January 2010, the acquisition of Holiday Lettings in June 2010 and the launch of SniqueAway in September 2010.

	Year ended December 31,			% Change	
	2010	2009	2008	2010 vs 2009	2009 vs 2008
	($ in millions)				
Click-based advertising	$ 384	$ 302	$ 258	27%	17%
Display-based advertising	72	49	39	47%	26%
Subscription and other	29	1	1	3,227%	(27%)
Total revenue	$ 485	$ 352	$ 298	38%	18%

Monthly unique IP addresses to the TripAdvisor-branded sites increased 47% and 49% during 2010 and 2009, which was the primary contributing factor to the increase in click-based and display-based advertising revenue. Subscription and other revenue grew in 2010 due to the launch of Business Listings in January 2010, the acquisition of Holiday Lettings in June 2010 and the launch of SniqueAway in September 2010.

In addition to the above product revenue discussion, related-party revenue from Expedia, which consists primarily of click-based advertising, is as follows:

	Three months ended June 30,		% Change	Six months ended June 30,		% Change
	2011	2010		2011	2010	
	($ in millions)			($ in millions)		
Related-party revenue from Expedia	$ 59	$ 43	38%	$ 113	$ 85	33%
% of revenue	35.0%	34.3%		35.5%	35.6%	

	Year ended December 31,			% Change	
	2010	2009	2008	2010 vs 2009	2009 vs 2008
	($ in millions)				
Related-party revenue from Expedia	171	140	98	22%	43%
% of revenue	35.3%	39.7%	32.7%		

TripAdvisor and Expedia expect to enter into new commercial arrangements in connection with the spin-off. Pursuant to these arrangements, Expedia anticipates that it will reduce marketing spend with TripAdvisor; however, TripAdvisor expects that some of this reduction to revenue may be replaced by revenue from other customers. In the aggregate, TripAdvisor estimates annual net revenue may be reduced by approximately 2% to 5%.

Cost of Revenue

TripAdvisor s cost of revenue consist of expenses that are closely correlated or directly related to revenue generation, including ad serving fees, flight search fees, credit card fees and data center costs.

	Three months ended June 30,		% Change	Six months ended June 30,		% Change
	2011	2010		2011	2010	
	($ in millions)			($ in millions)		
Cost of revenue	$ 3	$ 2	58%	$ 5	$ 3	51%
% of revenue	1.6%	1.4%		1.6%	1.4%	

Cost of revenue increased during the three and six months ended June 30, 2011, compared to the same periods in 2010, primarily due to higher data center costs and credit card merchant fees.

	Year ended December 31,			% Change	
	2010	2009	2008	2010 vs 2009	2009 vs 2008
		($ in millions)			
Cost of revenue	$ 7	$ 5	$ 2	61%	89%
% of revenue	1.5%	1.3%	0.8%		

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In 2010 and 2009, the primary drivers of the increase in cost of revenue expense were higher costs related to an increase in flight search volume and data center costs in support of higher site traffic.

Selling and Marketing

TripAdvisor s sales and marketing expenses primarily consist of direct costs, including traffic acquisition costs from search engines and affiliate program commissions, brand advertising and public relations. In addition, TripAdvisor s indirect sales and marketing expense consists of personnel and overhead expenses, including salaries, commissions, benefits, share-based compensation expense and bonuses for sales, sales support, customer support and marketing employees.

	Three months ended June 30,			Six months ended June 30,		
	2011	2010	% Change	2011	2010	% Change
	($ in millions)			($ in millions)		
Direct costs	$ 34	$ 19	75%	$ 61	$ 39	55%
Indirect costs	19	12	56%	36	23	57%
Total selling and marketing	$ 53	$ 31	68%	$ 97	$ 62	55%
% of revenue	31.1%	25.0%		30.4%	26.1%	

Direct selling and marketing expenses increased $15 million and $21 million during the three and six months ended June 30, 2011, compared to the same periods in 2010, primarily due to higher traffic acquisition costs. Indirect selling and marketing costs increased $7 million and $13 million during the three and six months ended June 30, 2011, compared to the same periods in 2010, primarily due to an increase in headcount.

	Year ended December 31,			% Change	
	2010	2009	2008	2010 vs 2009	2009 vs 2008
		($ in millions)			
Direct costs	$ 88	$ 70	$ 70	26%	0%
Indirect costs	52	36	28	47%	26%
Total selling and marketing	$ 140	$ 106	$ 98	33%	8%
% of revenue	29.0%	30.0%	33.0%		

The increase in selling and marketing expense in 2010 was due to an increase in online and offline marketing expenses, including affiliate marketing expenses, search engine marketing, other traffic acquisition costs, and higher personnel costs primarily due to an increase in headcount, including personnel added through acquisitions. The increase in selling and marketing expenses in 2009 was due to higher personnel costs primarily due to an increase in headcount, including personnel added through acquisitions.

Technology and Content

TripAdvisor s technology and content expenses consist of personnel and overhead expenses, including salaries and benefits, share-based compensation expense and bonuses for salaried employees and contractors engaged in the design, development, testing and maintenance of TripAdvisor s website. Technology and content expenses also include depreciation of and amortization costs of technology assets including web servers, and purchased and capitalized website and development activities as well as licensing expenses.

	Three months ended June 30,			Six months ended June 30,		
	2011	2010	% Change	2011	2010	% Change
	($ in millions)			($ in millions)		
Personnel and overhead	$ 12	$ 10	18%	$ 23	$ 19	25%
Depreciation and amortization of technology assets	4	2	51%	7	5	52%

Other	1	1	269%	3	1	150%
Total technology and content	$ 17	$ 13	31%	$ 33	$ 25	36%
% of revenue	10.1%	10.4%		10.5%	10.3%	

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The increase of $4 million and $9 million in technology and content expense during the three and six months ended June 30, 2011, compared to the same periods in 2010, was primarily due to increased personnel costs from increased headcount as well as an increase in depreciation and amortization expense of technology assets primarily due to the amortization of capitalized website development costs.

	Year ended December 31, 2010	2009 ($ in millions)	2008	% Change 2010 vs 2009	2009 vs 2008
Personnel and overhead	$ 40	$ 26	$ 22	51%	20%
Depreciation and amortization of technology assets	10	8	4	34%	85%
Other	4	3	4	16%	(26)%
Total technology and content	$ 54	$ 37	$ 30	45%	23%
% of revenue	11.1%	10.5%	10.1%		

The year-over-year increase of $17 million in technology and content expense in 2010 was primarily due to increased personnel costs from increased headcount to support business expansion, including site launches in ten countries, enhanced site features and mobile initiatives, as well as personnel added through acquisitions, and an increase in depreciation and amortization expense of technology assets.

The year-over-year increase of $7 million in technology and content expense in 2009 was primarily due to increased personnel costs from increased headcount to support a number of business initiatives, including site launches in eight countries and enhanced site features, as well as personnel added through acquisitions, and an increase in depreciation and amortization of technology assets.

General and Administrative

General and administrative expense consists primarily of personnel and related overhead costs, including executive leadership, finance, legal and human resource functions and stock-based compensation as well as fees for external professional services including legal, tax and accounting, and other costs including bad debt expense.

	Three months ended June 30, 2011	2010 ($ in millions)	% Change	Six months ended June 30, 2011	2010 ($ in millions)	% Change
Personnel and overhead	$ 7	$ 6	10%	$ 15	$ 11	32%
Professional service fees and other	2	3	(28)%	3	3	28%
Total general and administrative	$ 9	$ 9	(1)%	$ 18	$ 14	31%
% of revenue	5.2%	7.1%		5.6%	5.7%	

There was no significant change in general and administrative expense for the three months ended June 30, 2011 compared to the same period in 2010. During the six months ended June 30, 2011, the increase in general and administrative expense compared to the prior year period was primarily due to an increase in headcount.

	Year ended December 31, 2010	2009 ($ in millions)	2008	% Change 2010 vs 2009	2009 vs 2008
Personnel and overhead	$ 27	$ 13	$ 20	100%	(35%)
Professional service fees and other	7	3	3	203%	3%
Total general and administrative	$ 34	$ 16	$ 23	116%	(31%)
% of revenue	7.1%	4.5%	7.7%		

In 2010, the increase in general and administrative expense was primarily due to an increase in personnel costs, including incentive compensation, as well as an increase in bad debt expense, agency recruiting fees, excise tax and depreciation of leasehold improvements.

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In 2009, the decrease in general and administrative expense was primarily due to a decrease in personnel costs, principally from lower incentive compensation, and a decrease in bad debt expense and legal fees. These decreases were partially offset by increases in depreciation expense from leasehold improvements and rent expense.

As a result of the spin-off, TripAdvisor expects general and administrative expenses to increase by approximately $20 million to $25 million for costs to be incurred related to services previously obtained from Expedia, such as accounting, legal, tax, corporate development, real estate, additional costs associated with being a publicly traded company, as well as costs related to Expedia s obligation to fund a charitable foundation that will be assumed by TripAdvisor in connection with the spin-off. A small amount of these services, less than approximately $1 million, will continue to be provided by Expedia to TripAdvisor pursuant to a transition services agreement. Commensurate with the increase in general and administrative expense, the related-party shared services fee will cease, thus the net annual increase is expected to between $12 million and $17 million.

Related-Party Shared Services Fee

Related-party shared services fee is comprised of allocations from Expedia for accounting, legal, tax, corporate development, and real estate functions and includes an allocation of employee compensation within these functions. These allocations were determined on the basis that Expedia and TripAdvisor considered to be reasonable reflections of the utilization of services provided or the benefit received by TripAdvisor.

	Three months ended June 30,			Six months ended June 30,		
	2011	2010	% Change	2011	2010	% Change
	($ in millions)			($ in millions)		
Related-party shared services fee	$ 2	$ 2	0%	$ 4	$ 4	0%
% of revenue	1.2%	1.6%		1.2%	1.7%	

There was no significant change in related-party shared services fees for the three and six months ended June 30, 2011 compared to the same periods in 2010.

	Year ended December 31,			% Change	
	2010	2009	2008	2010 vs 2009	2009 vs 2008
		($ in millions)			
Related-party shared services fee	$ 8	$ 7	$ 8	14%	(17%)
% of revenue	1.6%	2.0%	2.8%		

In 2010, the increase in related-party shared services fee was primarily due to an increase in legal, tax and treasury costs in support of international expansion.

In 2009, the decrease in related-party shared services fee was primarily due to a decrease in acquisition related activity and related support fees.

Subsequent to the spin-off, the related-party shared services fee will cease and such expenses will be included in general and administrative expense.

Amortization of Intangible Assets

	Three months ended June 30,			Six months ended June 30,		
	2011	2010	% Change	2011	2010	% Change
	($ in millions)			($ in millions)		
Amortization of intangible assets	$ 1	$ 3	(60%)	$ 3	$ 6	(48%)
% of revenue	0.7%	2.3%		1.0%	2.6%	

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During the three and six months ended June 30, 2011, the decrease in amortization of intangible assets expense compared to the prior year periods was primarily due to the completion of amortization related to certain technology intangible assets, partially offset by amortization related to the acquisition of Holiday Lettings in June 2010.

	Year ended December 31,			% Change	
	2010	2009	2008	2010 vs 2009	2009 vs 2008
		($ in millions)			
Amortization of intangible assets	$ 15	$ 14	$ 11	6%	24%
% of revenue	3.0%	3.9%	3.7%		

In 2010, the increase in amortization of intangible assets expense was primarily due to a charge of approximately $4 million related to changes in the estimated amount of contingent purchase consideration, partially offset by the completion of amortization related to certain technology intangibles. In 2009, the increase in amortization of intangible assets expense was primarily due to amortization related to new business acquisitions, partially offset by the completion of amortization related to certain technology intangibles.

Operating Income

	Three months ended June 30,			Six months ended June 30,		
	2011	2010	% Change	2011	2010	% Change
	($ in millions)			($ in millions)		
Operating income	$ 84	$ 66	28%	$ 157	$ 125	26%
% of revenue	49.5%	52.3%		49.3%	52.3%	

Operating income increased for the three and six months ended June 30, 2011, compared to the same periods in the prior year, primarily due to an increase in revenue, which was partially offset by a corresponding increase to operating expenses, particularly in personnel costs to support business growth and traffic acquisition costs to drive higher revenue.

	Year ended December 31,			% Change	
	2010	2009	2008	2010 vs 2009	2009 vs 2008
		($ in millions)			
Operating income	$ 226	$ 168	$ 125	35%	35%
% of revenue	46.7%	47.8%	41.9%		

In 2010 and 2009, operating income increased primarily due to an increase in revenue, which was partially offset by a corresponding increase to operating expenses, particularly in personnel costs to support business growth and traffic acquisition costs to drive higher revenue.

Related-party Interest Income (Expense), net

Interest income (expense), net is immaterial for all periods presented and is primarily intercompany in nature, arising from the transfer of liquid funds between Expedia and TripAdvisor that occurred as part of Expedia s treasury operations.

Other, net

Other, net is primarily comprised of net foreign exchange losses for the periods presented.

Provision for Income Taxes

	Three months ended June 30,			Six months ended June 30,		
	2011	2010	% Change	2011	2010	% Change
	($ in millions)			($ in millions)		
Provision for income taxes	$ 30	$ 24	26%	$ 57	$ 45	28%

Effective tax rate	36.0%	37.5%	36.1%	36.6%

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The effective tax rates for the three and six months ended June 30, 2011 and 2010 were higher than the 35% federal statutory rate primarily due to state income taxes and accruals related to uncertain tax positions, partially offset by earnings in jurisdictions outside the United States, where the effective rate is lower.

	Year ended December 31,			% Change	
	2010	2009 ($ in millions)	2008	2010 vs 2009	2009 vs 2008
Provision for income taxes	$ 85	$ 64	$ 47	33%	37%
Effective tax rate	38.1%	38.6%	39.6%		

The 2010 and 2009 effective tax rates were higher than the 35% federal statutory rate primarily due to state income taxes and accruals related to uncertain tax positions, partially offset by earnings in jurisdictions outside the United States, where the effective rate is lower.

In 2008, the effective tax rate was higher than the 35% statutory rate primarily due to state income taxes and accruals related to uncertain tax positions.

Financial Position, Liquidity and Capital Resources

As of June 30, 2011 and December 31, 2010, TripAdvisor had $133 million and $113 million of cash and short-term investments. Until the spin-off is completed, Expedia will provide cash management and other treasury services to TripAdvisor. As part of these services TripAdvisor regularly sweeps the majority of its domestic cash balances to Expedia and receives funding from Expedia for any domestic cash needs. Accordingly, the cash and short-term investment balances presented above, and the cash and short-term investment balances up to and as of the spin-off will, consist primarily of cash held in the United Kingdom ($122 million and $103 million as of June 30, 2011 and December 31, 2010) related to earnings TripAdvisor intends to reinvest permanently outside the United States. Cash held is primarily denominated in U.S. dollars and British pound sterling.

TripAdvisor s cash flows are as follows:

	Year ended December 31,			Six months ended June 30,	
	2010	2009	2008 (In millions)	2011	2010
Cash provided by (used in):					
Operating activities	$ 197	$ 126	$ 111	$ 114	$ 91
Investing activities	(140)	(149)	(302)	(105)	(82)
Financing activities	4	46	191	9	2

For the six months ended June 30, 2011, net cash provided by operating activities increased by $23 million primarily due to higher operating income after adjusting for the impacts of depreciation and amortization, partially offset by an increase in income tax payments.

In 2010, net cash provided by operating activities increased by $71 million primarily due to higher operating income after adjusting for the impacts of depreciation and amortization and cash inflows from the Business Listing product, partially offset by an increase in income tax payments. In 2009, net cash provided by operating activities increased by $15 million primarily due to higher operating income after adjusting for the impacts of depreciation and amortization, partially offset by an increase in income tax payments.

For the six months ended June 30, 2011, cash used in investing activities increased by $23 million primarily due to higher net payments to Expedia of $53 million, partially offset by a decrease of $30 million in cash paid for acquisitions.

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In 2010, cash used in investing activities decreased slightly due to lower net payments to Expedia and lower cash paid for acquisitions, partially offset by the purchase of short-term investments and higher capital expenditures. In 2009, cash used in investing activities decreased primarily due to a $154 million decrease in cash paid for acquisitions.

Cash provided by financing activities for the six months ended June 30, 2011 was primarily comprised of short-term borrowings of $3 million and $5 million of transfers from Expedia to fund acquisitions.

Cash provided by financing activities in 2010 was primarily comprised of short-term borrowings of $2 million and excess tax benefits of $2 million. Cash provided by financing activities in 2009 and 2008 primarily consisted of transfers from Expedia to fund acquisitions of $46 million and $190 million, respectively.

In connection with the spin-off, TripAdvisor expects to enter into a new credit agreement providing for a senior revolving credit facility with a borrowing capacity of $200 million and a term of five years, as well as a five-year, $400 million senior term loan to TripAdvisor Holdings, LLC.

Prior to the spin-off, TripAdvisor expects to transfer to Expedia all cash in excess of $165 million and all intercompany receivable and payable balances will be extinguished. Historically, the cash TripAdvisor generates has been sufficient to fund its working capital and capital expenditure requirements both domestically and outside the United States, after giving effect to its permanent reinvestment strategy in the United Kingdom. Subsequent to the spin-off, TripAdvisor expects to fund its ongoing working capital needs, capital expenditure requirements and the growth of its business through cash flows from operations and the new revolving credit facility.

Contractual Obligations and Commercial Commitments

The following table presents TripAdvisor s material contractual obligations and commercial commitments as of December 31, 2010:

		By Period			
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
			(In millions)		
Operating leases	$ 12	$ 3	$ 6	$ 3	$
Purchase obligations	5	2	3		
Credit facility	2	2			
Total(1)(2)	$ 19	$ 7	$ 9	$ 3	$

(1) Excluded from the table was $7 million of unrecognized tax benefits for which TripAdvisor cannot make a reasonably reliable estimate of the amount and period of payment.

(2) Excluded from the table was the five-year, $400 million senior term loan that TripAdvisor expects to be made to TripAdvisor Holdings, LLC in connection with and prior to the spin-off. The term loan will be repayable in quarterly installments equal to 1.25% of the original principal amount in year 2012 and 2.5% of the original principal amount in each year thereafter with the balance due on the final maturity date. Also excluded from table is the $200 million, five-year senior revo1ving credit facility that TripAdvisor and certain of its post spin-off subsidiaries expect to enter into in connection with and prior to the spin-off. Immediately after consummation of the spin-off, the term loan and loans under the revolving credit facility will bear interest per annum at LIBOR plus 175 bps, which, as of June 30, 2011 and assuming a 1-month interest period, would have been 1.94% per annum, and undrawn amounts will be subject to a commitment fee of 30 bps. See Proposal 1 The Spin-Off Proposa1 Post-Spin-Off TripAdvisor Financing Arrangements for further information.

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In August 2010, certain of TripAdvisor s post spin-off Chinese subsidiaries entered into a RMB67,000,000 (approximately $10 million), one-year revolving credit facility with Bank of America. In June 2011, the revolving credit facility was amended to extend the facility to March 2012 and increase the borrowing capacity to RMB130,000,000 (approximately $20 million). The facility is unconditionally guaranteed by Expedia, Inc. This guarantee will be released at or prior to the spin-off. As of June 30, 2011, there was $5 million of borrowings outstanding under this facility.

Certain TripAdvisor entities are guarantors of Expedia s credit facility and outstanding senior notes. These guarantees are full, unconditional, joint and several, and will be released upon the spin-off.

In addition, in connection with the spin-off, TripAdvisor will assume Expedia s obligation to fund a charitable foundation. The Board of Directors of the charitable foundation is currently comprised of Stephen Kaufer, Dara Khosrowshahi and Burke Norton. The obligation is calculated at 1.7% of Operating Income Before Amortization (OIBA) for the year ended December 31, 2011 and 2.0% of OIBA for subsequent years. OIBA is TripAdvisor s primary operating metric for evaluating segment performance and is detailed within Note 11, Segment Information, of TripAdvisor s combined financial statements included in Annex E to this proxy statement/prospectus.

Other than as described above, there were no material changes in TripAdvisor s contractual obligations and commercial commitments as of June 30, 2011. In addition, other than the items described above, TripAdvisor does not have any off-balance sheet arrangements as of December 31, 2010 or June 30, 2011.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those that TripAdvisor believes are important in the preparation of its combined financial statements because they require that management use judgment and estimates in applying those policies. TripAdvisor prepares its combined financial statements and accompanying notes in accordance with generally accepted accounting principles in the United States (GAAP). Preparation of the combined financial statements and accompanying notes requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the combined financial statements as well as revenue and expenses during the periods reported. Management bases its estimates on historical experience, where applicable, and other assumptions that it believes are reasonable under the circumstances. Actual results may differ from estimates under different assumptions or conditions.

There are certain critical estimates that TripAdvisor believes require significant judgment in the preparation of the combined financial statements. TripAdvisor considers an accounting estimate to be critical if:

- It requires TripAdvisor to make an assumption because information was not available at the time or it included matters that were highly uncertain at the time management was making the estimate; and/or

- Changes in the estimate or different estimates that management could have selected may have had a material impact on TripAdvisor s financial condition or results of operations.

For more information on each of these policies, see Note 2 Significant Accounting Policies, in the notes to combined financial statements, which are included in Annex E to this proxy statement/prospectus. A discussion of information about the nature and rationale for TripAdvisor s critical accounting estimates is below.

Recoverability of Goodwill and Indefinite and Definite-Lived Intangible Assets

Goodwill. TripAdvisor assesses goodwill for impairment annually as of October 1, or more frequently, if events and circumstances indicate impairment may have occurred. The impairment test requires TripAdvisor to estimate the fair value of its reporting units. If the carrying value of a reporting unit exceeds its fair value, the goodwill of that reporting unit is potentially impaired and TripAdvisor proceeds to step two of the impairment

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analysis. In step two of the analysis, TripAdvisor will record an impairment loss equal to the excess of the carrying value of the reporting unit s goodwill over its implied fair value should such a circumstance arise.

TripAdvisor generally bases its measurement of fair value of its reporting units on a blended analysis of the present value of future discounted cash flows and market valuation approach. The discounted cash flows model indicates the fair value of the reporting units based on the present value of the cash flows that TripAdvisor expects the reporting units to generate in the future. TripAdvisor s significant estimates in the discounted cash flows model include: its weighted average cost of capital; long-term rate of growth and profitability of its business; and working capital effects. The market valuation approach estimates the fair value of the business based on a comparison of TripAdvisor to comparable publicly traded companies in similar lines of business. TripAdvisor s significant estimates in the market approach model include identifying similar companies with comparable business factors such as size, growth, profitability, risk and return on investment and assessing comparable revenue and operating income multiples in estimating the fair value of the reporting units.

TripAdvisor believes the use of discounted cash flows and market approach on a weighted basis is the best method for determining the fair value of its reporting units because these are the most common valuation methodologies used within the travel and internet industries; and the blended use of both models compensates for the inherent risks associated with either model if used on a stand-alone basis.

Indefinite-Lived Intangible Assets. TripAdvisor bases its measurement of fair value of indefinite-lived intangible assets, which consist of trade name and trademarks, using the relief-from-royalty method. This method assumes that the trade name and trademarks have value to the extent that their owner is relieved of the obligation to pay royalties for the benefits received from them. This method requires us to estimate the future revenue for the related brands, the appropriate royalty rate and the weighted average cost of capital.

Definite-Lived Intangible Assets. TripAdvisor reviews the carrying value of long-lived assets or asset groups to be used in operations whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Factors that would necessitate an impairment assessment include a significant adverse change in the extent or manner in which an asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset, or a significant decline in the observable market value of an asset, among others. If such facts indicate a potential impairment, TripAdvisor assesses the recoverability of an asset group by determining if the carrying value of the asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the primary asset in the asset group. If the recoverability test indicates that the carrying value of the asset group is not recoverable, TripAdvisor will estimate the fair value of the asset group using appropriate valuation methodologies, which would typically include an estimate of discounted cash flows. Any impairment would be measured as the difference between the asset group s carrying amount and its estimated fair value.

The use of different estimates or assumptions in determining the fair value of TripAdvisor s goodwill, indefinite-lived and definite-lived intangible assets may result in different values for these assets, which could result in an impairment or, in the period in which an impairment is recognized, could result in a materially different impairment charge. As of October 1, 2010 and 2009, the fair value of each goodwill reporting unit significantly exceeded its carrying values.

Income Taxes

TripAdvisor is included in the consolidated income tax returns filed by Expedia. TripAdvisor computes and accounts for its income taxes on a separate tax return basis. TripAdvisor records income taxes under the liability method. Deferred tax assets and liabilities reflect its estimation of the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for book and tax purposes. TripAdvisor determines deferred income taxes based on the differences in accounting methods and timing between financial statement and income tax reporting. Accordingly, TripAdvisor determines the deferred tax asset or liability for each temporary difference based on the enacted tax rates expected to be in effect when TripAdvisor realizes the underlying items of income and expense. TripAdvisor considers many factors when assessing the likelihood of future realization of its deferred tax assets, including its recent earnings experience by jurisdiction, expectations of future taxable income and the carryforward periods available for tax reporting purposes, as well as other relevant factors. TripAdvisor may establish a valuation allowance to reduce deferred tax assets to the amount it believes is more likely than not to be realized. Due to inherent complexities arising from the nature of its businesses, future changes in income tax law, tax sharing agreements or variances between its actual and anticipated operating results, TripAdvisor makes certain judgments and estimates. Therefore, actual income taxes could materially vary from these estimates.

TripAdvisor records liabilities to address uncertain tax positions it has taken in previously filed tax returns or that it expects to take in a future tax return. The determination for required liabilities is based upon an analysis of each individual tax position, taking into consideration whether it is more likely than not that the tax position, based on technical merits, will be sustained upon examination. For those positions for which TripAdvisor concludes it is more likely than not it will be sustained, TripAdvisor recognizes the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with the taxing authority. The difference between the amount recognized and the total tax position is recorded as a liability. The ultimate resolution of these tax positions may be greater or less than the liabilities recorded.

Stock-Based Compensation

In 2009 and 2010, TripAdvisor, through Expedia, awarded stock options as its primary form of employee stock-based compensation. The value of stock option awards was measured on the date of grant at fair value using the Black-Scholes option valuation model. TripAdvisor amortizes the fair value, net of estimated forfeitures, over the remaining term on a straight-line basis. Th