

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [SEE STATEMENT 1](#)

Horizontal lines for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ [SEE STATEMENT 1](#)

Horizontal lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [SEE STATEMENT 1](#)

Horizontal lines for providing other necessary information.

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

Sign Here
Signature ▶ _____ Date ▶ _____

Print your name ▶ _____ Title ▶ _____

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Expedia, Inc. and TripAdvisor, Inc.
Tax Basis Information Required Under Section 6045B of the Internal Revenue Code

CONSULT YOUR TAX ADVISOR

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and includes a general summary regarding the application of certain U.S. Federal income tax laws and regulations relating to the effect of the Reverse Stock Split on the tax basis of Expedia stock and the allocation of tax basis between the Expedia and TripAdvisor stock following the Reverse Stock Split and the Spin-Off. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Neither Expedia nor TripAdvisor provides tax advice to its shareholders. The example provided below is illustrative and is being provided pursuant to Section 6045 of the Code and as a convenience to shareholders and their tax advisors when establishing their specific tax position. You are urged to consult your own tax advisor regarding the particular consequences of the Reverse Stock Split and the Spin-Off to you, including the applicability and effect of all U.S. Federal, state and local and foreign tax laws. We urge you to read the amended Form S-4 for Expedia and TripAdvisor, as filed with the Securities and Exchange Commission on November 1, 2011 (“Form S-4”), noting especially the discussion on page 63-67 of the proxy statement/prospectus contained therein under the heading “*Material U.S. Federal Income Tax Consequences of the Spin-Off.*” You may access the Form S-4 at our website at www.expediainc.com in the Investors section, under “Financial Information”/“SEC Filings” or at www.sec.gov.

PART II: ORGANIZATIONAL ACTION

SECTION 14

Following the close of trading on the Nasdaq Stock Market on December 20, 2011, Expedia, Inc. (“Expedia”) completed the spin-off (the “Spin-Off”) of TripAdvisor, Inc. (“TripAdvisor”) to Expedia shareholders. Expedia effected the Spin-Off by means of a reclassification of its capital stock that resulted in the holders of Expedia common stock immediately prior to the Spin-Off having the right to receive one share of TripAdvisor common stock or Class B common stock, as applicable, for each corresponding share of Expedia common stock. A 1-for-2 reverse stock split of outstanding Expedia capital stock (the “Reverse Stock Split”) occurred immediately prior to the Spin-Off, with cash paid in lieu of fractional shares.

Expedia common stock trades under the ticker symbol “EXPE” and TripAdvisor common stock trades under the ticker symbol “TRIP,” each on the Nasdaq Stock Market.

If you did not become entitled to receive any shares of TripAdvisor common stock as a result of the Spin-Off on December 20, 2011, this information does not apply to you. Additionally, this notice does not apply to shares of Expedia common stock sold, exchanged or otherwise disposed of prior to the time of the Spin-Off.

PART II: TAX BASIS INFORMATION

SECTION(S) 15, 16, 17, 18, 19

Expedia has received a favorable ruling from the Internal Revenue Service that the Spin-Off, together with certain related transactions, will be treated 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. Except to the extent of cash received in lieu of fractional shares, Expedia shareholders will generally not recognize gain or loss on the Reverse Stock Split or the Spin-Off.

As described in the Form S-4, Expedia shareholders will be required to allocate the aggregate tax basis in their Expedia common stock held immediately before the Spin-Off (and after the Reverse Stock Split) among their shares of TripAdvisor common stock received in the Spin-Off and their shares of Expedia common stock.

In general, under Section 358 of the Code and the U.S. Treasury Regulations promulgated thereunder, a shareholder's aggregate tax basis in his or her shares of Expedia common stock held immediately prior to the Spin-Off (and after the Reverse Stock Split)¹ should be allocated in proportion to the relative fair market value of the TripAdvisor common stock and the Expedia common stock. Shareholders that acquired Expedia common stock at different times or different prices will need to calculate their tax basis in each block of stock and then allocate a portion of that tax basis (as adjusted for the Reverse Stock Split) to the Expedia common stock and TripAdvisor common stock received with respect to such shares.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. Federal income tax law does not specifically prescribe how you should determine the fair market values of the Expedia common stock and the TripAdvisor common stock for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value is appropriate.

One possible approach to determining the fair market value of the Expedia common stock and the TripAdvisor common stock may be to use (i) the average of the high and low Nasdaq Stock Market trading prices per share of Expedia common stock on December 21, 2011, which was \$27.79,² and (ii) the average of the high and the low Nasdaq Stock Market trading prices per share of TripAdvisor common stock on December 21, 2011, which was \$28.76.³

Based on such amounts, the relative value of the shares of Expedia common stock and the

¹ Under Section 358 of the Code, a shareholder's aggregate tax basis in his or her shares of Expedia common stock held immediately after the Reverse Stock Split will generally be equal to such shareholder's aggregate tax basis in his or her shares of Expedia common stock held immediately prior to the Reverse Stock Split reduced by the tax basis allocable to any fractional share interest for which cash is received.

² Based on a high trading price per share of Expedia common stock of \$28.30 and a low trading price per share of Expedia common stock of \$27.28.

³ Based on a high trading price per share of TripAdvisor common stock of \$30.00 and a low trading price per share of TripAdvisor common stock of \$27.51.

TripAdvisor common stock is as follows:

$$\text{Expedia:} \quad \frac{\$27.79}{\$27.79 + \$28.76} = 49.15\%$$

$$\text{TripAdvisor:} \quad \frac{\$28.76}{\$27.79 + \$28.76} = 50.85\%$$

Under this approach, 49.15% of an Expedia shareholder's tax basis in his or her shares of Expedia common stock prior to the Spin-Off (and after the Reverse Stock Split) would be allocated to such shareholder's shares of Expedia common stock and 50.85% would be allocated to such shareholder's shares of TripAdvisor common stock. Other approaches to determine fair market value may also be possible, and you should determine, in consultation with your tax advisor, what approach to use in determining fair market values for shares of Expedia common stock and shares of TripAdvisor common stock.

Following is an example of how the basis allocation would be so applied:

Assumptions:

Shares of Expedia common stock owned after the Reverse Stock Split	1,000
Shareholder's tax basis in those 1,000 shares of Expedia common stock	\$10,000
Shares of TripAdvisor common stock received in the Spin-Off	1,000

Tax Basis Allocation:

	# Shares Owned	Percentage of Total Fair Market Value	Allocated Tax Basis
Expedia common stock	1,000	49.15%	\$4,915 (49.15% x \$10,000)
TripAdvisor common stock	1,000	50.85%	\$5,085 (50.85% x \$10,000)
Totals		100%	\$10,000

Please note that some brokerage houses might not use the information provided in this document, and the information is only provided as an example of one potential method. There are various ways brokerage houses may calculate the cost basis allocation, including, but not limited to, using December 21, 2011 opening, closing, or average prices. Please contact your individual brokerage house to determine which calculation they may have used and contact your tax advisor for additional information and clarification.

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The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending any transaction or matter addressed herein.