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HOMEAWAY INC
Form 425
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Expedia AGREES TO Acquire HHomeaway November 2015 Filed by Expedia, Inc. Pursuant to Rule 425 under the Securities Act of 1933 and deemed filed pursuant to Rule 14d-2 of the Securities Exchange Act of 1934, as amended
Subject Company: HomeAway, Inc. (Commission File No. 001-35215)

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Additional risks relating to the HomeAway transaction, include but are not limited to, the ability of the parties to consummate the proposed transaction on a timely basis or at all and the satisfaction of the conditions precedent to consummation of the proposed transaction, including majority of HomeAway's shares being validly tendered into the exchange offer, the ability to secure regulatory approvals on the terms expected, at all or in a timely manner; the ability of Expedia to successfully integrate HomeAway's operations; the ability of Expedia to implement its plans, forecasts and other expectations with respect to HomeAway's business after the completion of the transaction and realize expected synergies; business disruption following the merger; the proposed transaction may not be completed on the timeframe expected or at all. Other unknown or unpredictable factors also could have a material adverse effect on our business, financial condition and results of operations. Accordingly, you should not place undue reliance on these forward-looking statements. Except as required by law, we undertake no obligation and do not intend to update or review any forward-looking or other statements in this presentation, whether as a result of new information, future events or otherwise, even if experience or future events make it clear that any expected results express or implied by these forward-looking statement will not be realized. Please carefully review and consider the various disclosures made in this presentation and in reports filed by Expedia, Inc. with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect the business, prospects and results of operations of Expedia, Inc.

Non-GAAP Measures. Reconciliations to GAAP measures of non-GAAP measures included in this presentation are

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Agenda Expedia, Inc. Update HomeAway Opportunity HomeAway Transaction Summary

HomeAway Transaction Highlights Transaction Financial Impact Financing Process and Timing Expedia will acquire HomeAway for \$38.31 per share, or \$3.9B equity value, based on Expedia's closing price on November 3, 2015 Offering ~\$1B in cash consideration with the balance in Expedia stock HomeAway shareholders to receive \$10.15 in cash per share and 0.2065 shares of Expedia stock for each share of HomeAway stock owned Approved by Board of Directors of both companies Improved growth and earnings profile with significant cash flow conversion Targeting HomeAway Adj. EBITDA of approximately \$350M in 2018 Cash portion of consideration to be funded with existing sources of liquidity and/or through opportunistic financing \$2.9B of Expedia stock to be issued based on Expedia's closing price on November 3, 2015 No financing condition Subject to customary closing conditions, including regulatory review Subject to HomeAway stockholders tendering a majority of HomeAway shares to Expedia Expect transaction to close in Q1 2016

Expedia: Strong Growth, Consistent Execution

Established Brands with Global Reach Brand Recognition in Every Established Market Solid Foothold in Emerging Markets Presence in 65 Countries Sites in 52 Countries 1.2M Vacation Properties across 190 Countries A Leading Hotel Metasearch Company A Leader in Global Corporate Travel A Leader in Alternative Lodging Dynamic portfolio of travel brands with more than 130 sites in over 60 countries featuring the world's broadest supply portfolio including 271,000 properties in 200 countries, 400 airlines, packages, rental cars, cruises and destination services and activities Pending

Strategic Rationale of HomeAway Acquisition Expedia's global demand footprint positions HomeAway to expand into and acquire supply in urban markets Instant leadership position in fast growing ~\$100B vacation rental market¹ Expands Expedia's lodging inventory to include 1.2M vacation rentals providing enhanced distribution to owners and more choice for travelers Ability to accelerate HomeAway's business model shift and growth via Expedia's transactional business model expertise and technology leadership Targeting significant earnings growth - HomeAway Adj. EBITDA of \$118M for TTM as of September 2015 to a targeted \$350M by 2018 ¹Source: Piper Jaffray

Vacation Rentals and Alternative Lodging – A Huge Market, Growing in Importance % of US TRAVELERS WHO HAVE RENTED PRIVATE ACCOMMODATIONS² Source: Phocuswright research, August 2015 1 Management Estimates 2 Represents % of U.S. travelers who have rented private accommodations in the year indicated. Shared Space represents non-whole home or apartment rentals. \$100b vacation rental market represents a huge growth opportunity¹

Key Attributes of HomeAway Leader in massive, fast-growing market ~\$100B vacation rental market
1 Loyal vacation rental owners / managers 72% supplier renewal rates Strong consumer demand 1B site visits TTM (Q3 2015)
Profitable growth with high FCF conversion Large inventory 1.2M vacation properties across 190 countries First mover that built a global platform Over 40 sites in over 20 languages Established and trusted brands VRBO, HomeAway, FeWoDirekt, AbritelFrance Further upside from business model shift 665K online bookable properties, up 97% YoY PAID LISTINGS (000s) REVENUE (\$M) ADJ. EBITDA² (\$M) FCF³ (\$M) '12 – '14 CAGR: 21.0% '12 – '14 CAGR: 26.3% '12 – '14 CAGR: 17.3% '12 – '14 CAGR: 22.0% Source: Phocuswright research, HomeAway Investor presentation, HomeAway filings 1Piper Jaffray. 2 Non-GAAP measure. 3 Non-GAAP measure.

The HomeAway Transition Opportunity Note: Airbnb and Booking.com data from Deutsche Bank report, June 2015. HomeAway 2015 gross bookings estimates from Q2 2015 earnings call, August 2015. HomeAway estimated take rate based on ~\$15B HomeAway outlook for 2015 gross booking value and ~\$500M First Call consensus for 2015 revenue as of November 14, 2015. 2015 Estimated Annual Gross Bookings (Billions) 2015 Estimated Take Rates

Expedia Already Has Scale in Hotels... Gives Expedia Industry Leading Lodging Position and Expands Addressable Market ... And HomeAway Adds Significantly More Lodging Alternatives Hotels 70% \$6.3B TTM 9/30/15 Revenues ~271k Hotels in 200+ Countries ~Only 8% Share of Rooms Booked in the US Number of Hotels / Lodging Alternatives 1Other includes Car, Advertising, Destination Services, Insurance, Cruise, Agency Packages, and Other. 2Sources: Smith Travel Research and Expedia data. 3Hotel data for TripAdvisor and Booking.com obtained from respective company websites. TripAdvisor and Booking.com numbers include 720,000 and 375,000 vacation rental properties, respectively. 4Total assumes no overlap between HomeAway and Expedia properties. 4 1,670,000 271,000 1,195,000 1,466,000 811,000 Other¹ Air 2 3

How Expedia Will Help Improve HomeAway Technology leader in travel with proven transactional capabilities
Global leader in variable marketing and consumer led innovation (web analytics, A/B Testing) Portfolio of leading travel brands bringing massive distribution potential to HomeAway owners and managers Appetite to invest resources to position HomeAway for medium to long term success Track record of successful transformations and integrations
Enable HomeAway to expedite deployment of new services, such as online booking functionality, payment processing services, and enhanced traveler services and products

APPENDICES

HomeAway Impact to Adjusted EBITDA \$ Millions Expedia TTM 3Q15 Homeaway TTM 3Q15 Pro forma Adjusted EBITDA excluding eLong \$1,162 eLong Adjusted EBITDA (89) Adjusted EBITDA \$1,073 \$118 \$1,191 Total Debt / EBITDA (Excl. eLong) 2.1 x - 2.1 x Depreciation and Amortization (420) (34) (454) Legal Reserves , Occupancy Tax and Other 104 - 104 Stock-Based Compensation (151) (50) (201) Restructuring Charges (78) - (78) Realized Loss (Gain) on Revenue Hedges (49) - (50) Operating Income (Loss) \$479 \$34 \$512 Gain on Sale of Business 509 - 509 Foreign Exchange Loss and Other Expenses - (1) - Interest Expense, Net 32 (15) 17 Income (Loss) from Continuing Operations before Income Taxes \$1,020 \$17 \$1,037 Provision for Income Taxes (228) (11) (239) Net Income (Loss) \$792 \$6 \$799 Net (Income) Loss Attributable to Noncontrolling Interests 51 - 50 Net Income (Loss) Attributable to Expedia, Inc. \$843 \$6 \$849 Note: Numbers may not sum due to rounding

\$ Millions 2012 2013 2014 TTM 3Q15 Adjusted EBITDA excluding eLong \$804 \$891 \$1,051 \$1,162 eLong
Adjusted EBITDA (1) (12) (27) (89) Adjusted EBITDA \$803 \$879 \$1,025 \$1,073 Depreciation (164) (212) (266)
(312) Amortization of Intangible Assets (32) (72) (80) (108) Legal Reserves , Occupancy Tax and Other (117) (78)
(42) 104 Stock-Based Compensation (65) (130) (85) (151) Acquisition-related and Other - (10) - - Restructuring
Charges - - (26) (78) Realized Loss (Gain) on Revenue Hedges 6 (11) (9) (49) Operating Income (Loss) \$432 \$366
\$518 \$479 Gain on Sale of Business - - - 509 Total Other Expense, Net (82) (65) (53) 32 Income (Loss) from
Continuing Operations before Income Taxes 350 301 465 1,020 Provision for Income Taxes (47) (84) (92) (228)
Income (Loss) from Continuing Operations 303 216 373 792 Discontinued Operations, Net of Taxes (23) - - - Net
Income (Loss) 280 216 373 792 Net (Income) Loss Attributable to Noncontrolling Interests - 16 25 51 Net Income
(Loss) Attributable to Expedia, Inc. \$280 \$233 \$398 \$843 Non-GAAP / GAAP Reconciliation: Adjusted EBITDA
Note: Numbers may not sum due to rounding

Non-GAAP / GAAP Reconciliation: Free Cash Flow Note: Numbers may not sum due to rounding and include eLong
\$ Millions 2009 2010 2011 2012 2013 2014 TTM 3Q15 Cash provided by operations \$574 \$605 \$826 \$1,237 \$763
\$1,367 \$1,342 Capital expenditures (79) (136) (208) (236) (309) (328) (714) Free cash flow \$495 \$469 \$618 \$1,001
\$455 \$1,039 \$628

\$ Millions 3Q15 Expedia (excluding eLong) Adjusted EBITDA excluding the Impacts of Orbitz Worldwide \$486
Orbitz Worldwide Deal and Integration Costs (7) Negative Impact of Consolidating the Orbitz Worldwide Financial
Statements (10) Expedia (excluding eLong) Adjusted EBITDA \$469 eLong Adjusted EBITDA - Adjusted EBITDA
\$469 Depreciation (87) Amortization of Intangible Assets (31) Legal Reserves , Occupancy Tax and Other 115
Stock-Based Compensation (64) Restructuring Charges (42) Realized Loss (Gain) on Revenue Hedges (14) Operating
Income (Loss) \$345 Interest Expense, Net (29) Other Expense, Net 26 Income (Loss) from Continuing Operations
before Income Taxes 342 Provision for Income Taxes (66) Income (Loss) from Continuing Operations 276 Net
(Income) Loss Attributable to Noncontrolling Interests 7 Net Income (Loss) Attributable to Expedia, Inc. \$283
Non-GAAP / GAAP Reconciliation: Adjusted EBITDA Note: Numbers may not sum due to rounding

\$ Thousands 2012 2013 2014 TTM 3Q15 Adjusted EBITDA \$80,317 \$96,775 \$119,386 \$118,196 Depreciation and Amortization (23,489) (25,067) (30,842) (33,505) Stock-Based Compensation (27,033) (37,887) (48,518) (50,423) Operating Income (Loss) \$29,795 \$33,821 \$40,026 \$34,268 Foreign Exchange Loss and Other Expenses (2,587) (6,017) (7,182) (1,363) Interest Expense, Net 928 1,211 (11,605) (15,425) Income (Loss) from Continuing Operations before Income Taxes \$28,136 \$29,015 \$21,239 \$17,480 Provision for Income Taxes (13,175) (11,724) (7,272) (11,120) Net Income (Loss) \$14,961 \$17,291 \$13,967 \$6,360 Net (Income) Loss Attributable to Noncontrolling Interests - 395 (583) (256) Net Income (Loss) Attributable to HomeAway, Inc. \$14,961 \$17,686 \$13,384 \$6,104 Non-GAAP / GAAP Reconciliation: Adjusted EBITDA Note: Numbers may not sum due to rounding

Non-GAAP / GAAP Reconciliation: Free Cash Flow Note: Numbers may not sum due to rounding \$ Thousands

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