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CORPORATE PARTICIPANTS

Mark Okerstrom *Expedia, Inc - CFO*

PRESENTATION

Unidentified Participant

We're very pleased to have Expedia with us here. We have Mark Okerstrom, the CFO of Expedia here. I don't think we'll have a presentation. We'll just do Q&A.

Mark Okerstrom - *Expedia, Inc - CFO*

Just talk.

Unidentified Participant

Yes, we'll just talk and dig into Expedia. Obviously, there's not much going on in the OTA space so I'm sure it will be an easy job for you to do as a CFO. We'll start with Q&A from me for about 20 minutes and then we'll see if there's questions out from the audience. So I don't know if you have any opening statements or any compliance things you want to start with. We'll just jump right in.

Okay, so the number one thing I get a lot of questions on are macro environment. So we'll start there and then we'll get into the Company specific initiatives for the year. But just tell us what you're seeing in the macro environment and do you think that's actually, Europe has been, we heard from eBay earlier, pretty tough in Q1. Do you think it's actually been depressing booking rates for the OTAs for the last year or so?

Mark Okerstrom - *Expedia, Inc - CFO*

Yes, so on the macro side there's basically two stories. There's the US where there's everything else. The US, particularly on the lodging side, remains healthy. Rev Pars have been up pretty consistently in the mid-single digits. There's some noise with Easter, but they're looking good and occupancy rates are on the rise. And then when you look to Europe, you look to APAC, you see a little bit of a different picture where what you see in the macro travel space is really echoing what you read about in the headlines about the overall economic conditions.

Now, as it relates to our business, we have really for the last several quarters been very happy with what we've seen across the whole regions. The US, growth rates continue to be very robust. Last quarter, room night growth was 15% year-on-year. Year up, we continue to be relatively pleased with what we see in Europe. Isolated pockets of weakness in Southern Europe and that's been going on forever. No significant change and in Asia we've been very happy. We've got a great position with Elong in China and they continue to do well despite bumps in the road competitively from time to time. But from our perspective, we're happy with our business's performance in these conditions.

Unidentified Participant

It's hard to tell from your growth rate in there, which is quite strong, and Priceline's, I guess booking.com, but is it possible that rates would even be higher if Europe wasn't in a recession. Are they potentially actually hurting what you'd be putting up?

Mark Okerstrom - *Expedia, Inc - CFO*

Yes, I think certainly they could be higher. As I mentioned, we are seeing pockets of weakness in Southern Europe and Europe is a market where there's a lot of travel activity. So we're fortunate to be in a business that when the economy is doing well, we do well. When the economy is doing less well, we also do well and there's very few situations in the economic cycle where we end up being squeezed or find problems with demand. So it could be better, but we're pretty happy with what we see.

Unidentified Participant

When we think about your stock, we think investors have choices. They can buy hotel stocks or OTAs and obviously the occupancy levels are higher, certainly since the recession but almost back to '06-'07 levels. Maybe tell us what that means for Expedia's business, both the merchant business in the US and maybe just as well as you get into ETP.

Mark Okerstrom - *Expedia, Inc - CFO*

So generally, when the lodging market is healthy, there's a couple of dynamics that impact us. One is as ADRs go up, our unit economics get better and that's a great part of this business. Our business is fairly levered to ADRs because our take rates are on a percentage basis, both (inaudible) agency. The other side of that is that when hoteliers feel good about their business, conversations become a little bit tougher on the negotiation side, particularly with the larger chains.

The good news is, is that now versus 2006-2007, our relationships with our major chain partners have strengthened. They've become much more strategic. The negotiations have become I would say more complex, but the contracts and the relationships have become much more reflective of the value we each bring to the table. And I think that means that for us, even in times of peak occupancy, we've still got great partners who give us great inventory and we've got arrangements that take into account all of the peaks and valleys in the cycle.

Unidentified Participant

Okay, huge theme for the stock and it really had strong performance last year was the technology platform improvements. It looks like you're getting the room nights, but not the EBITDA growth acceleration that maybe some were hoping for last year. Where are you in that technology improvement and is there still a lot left to come and I'll follow-up after that on margins next year.

Mark Okerstrom - *Expedia, Inc - CFO*

Sure, meaty topic. SO just to clear the air, 2012 adjusted EBITDA grew 13% year-on-year. For the proceeding four to five years, it was essentially low single digits if you backed out Trip Advisor. So we did see some nice acceleration on adjusted EBITDA in 2012. We do think these growth rates are sustainable and certainly our guidance suggests that that is the case. Now, the question that we often get is really twofold. One is can you translate the technology enhancements into better marketing efficiencies, one. And the answer to that is yes, we can. We do. What we chose to do, however, is to hold efficiencies constant by reinvesting that extra profit to drive more volume across our platform. And that's a decision we make and that's essentially why you see room night growth, unit volume accelerating and some sales and marketing deleverage along the way.

The next question we get is, well, when are you going to be able to expand EBITDA margins overall. And our position on that hasn't changed. When we went out on the road show, we gave a target P&L. We said, listen, we are in an investment period right now, but we're targeting to a P&L where we can leverage COGs, we can leverage G&A. Technology and content just growing in line with our slower than revenue and we'll essentially be able to fund expanding or constant EBITDA margins at the same time as sales and marketing deleverage through other line items in the P&L and that's certainly still the goal for us. The performance that we've seen in brand Expedia has caused us to pull some technology spend in because we like what we see. The Via Travel acquisition has messed up the shape of the P&L a little bit. So timing has shifted a little bit, but that's still our goal for us to be able to expand EBITDA margins if that's the right thing for us to do at the time.

Unidentified Participant

Okay, and it seemed like there was two or three year technology builds. I don't want to say five-year, but a multiyear technology build and I know that you capitalized some of that spending and it comes through as depreciation. So presumably if you've got the platform where you need it to be, you look out to '14 or '15, the depreciation levels could start to flatten at least and you could start to see leverage on the tech line. That's not really in your guidance this year, but how do you think about that dynamic of the capitalization and the depreciation?

Mark Okerstrom - *Expedia, Inc - CFO*

Well, what we've said is that this year when you back out depreciation, essentially cash R&D spend growth rates should start to look much better relative to revenue. So you'll start to see that happening when you back out depreciation. That said, you capitalize these, this software development, which is the majority of our CapEx. And as you release things, the depreciation schedule starts and so through 2013 you're essentially going to be able to see a sequential build in depreciation that essentially offsets the cash, the actual cash spend deceleration that you see. That's something that will start to look better in 2014, but for 2013 you've got recorded R&D growth rates that stay pretty high notwithstanding that on a cash basis growth rates are starting to abate.

Unidentified Participant

So would it be better to maybe look at your headcount adds or your CapEx each quarter as a sign of maybe future leverage? Or how would you think about looking at the reported results?

Mark Okerstrom - *Expedia, Inc - CFO*

Yes, I think the leading indicator is certainly if you look at CapEx that's very helpful as a leading indicator. And then I would always take a look at R&D excluding depreciation as well.

Unidentified Participant

Okay, let's move onto probably one of the bigger controversies in this space, which is the marketing line. Certainly seeing deleverage across the space. It seems like TripAdvisor has got a big spend in a budget plan for 3Q. Obviously, Priceline has delivered this year. You're seeing it too. What is really driving that dynamic? Is it just international mix, which actually some could view as healthy? Or is it the increasing competition that's really a central problem for the industry?

Mark Okerstrom - *Expedia, Inc - CFO*

Right, well, for us and I can't speak to Priceline or TripAdvisor, but for us the real large driver has really been two. One is definitely continued investment in international market. Those markets are generally less efficient. If you take a market like China, for example, which is meaningful for us, we continue to be very aggressive in China through Elong as well as other parts of Asia and that's just generally less efficient spend for us because we are earlier in the market.

Secondly, and I think the biggest change that really started happening last year was that in Q3 and Q4 of last year we started being able to spend more, and particularly online marketing, paid search is a big, big driver there, on brand Expedia as the new platform began to roll out. So as you convert better, again you can afford to bid higher. It puts you in a higher rank in Google. Spend goes up even though your efficiency levels remain constant and that's a headwind that for us at least on a year-on-year growth basis will continue through Q2. And then as we roll into Q3 it starts to look a little bit better.

Unidentified Participant

Okay, and I guess that is a controversy. It looks like EBITDA is coming back in weighted this year as far as driving the growth. You just mentioned one dynamic. Is there anything else that's kind of driving the shape of the year so we can get arms around it?

Mark Okerstrom - *Expedia, Inc - CFO*

Sure, well there are a few things that are driving the overall shape of the year, including all next three quarters. One is particularly as we're into Q2, Easter timing is different this year. It was earlier so that creates a bit of a hole in Q2. Secondly is when we reaffirmed our guidance for full year, as everyone knows we essentially took down Hotwire and replaced it with Trivago's EBITDA. The seasonality of those businesses is different. So Trivago is very much a back end loaded business right now given the cycle it's in. Hotwire is a little bit more consistent throughout the year and so there's a little bit of a mismatch, which creates more back end loading as well.

And then generally as you look throughout the year, you're going to see as I mentioned sales and marketing growth rates on an organic basis getting better because the comps just get a lot better because we're comping over that Q3 and Q4 step up. But of course you've got Trivago coming in, which in Q1 with 23 days in the quarter added 400 basis points of sales and marketing growth. So you can imagine the impact of that on our sales and marketing line throughout the year. And the second factor on the expense item is technology and content, which as I mentioned when you back out depreciations on an adjusted EBITDA basis those comps start to get better.

So you add all of those together and it creates more of a back end loaded plan than certainly we were anticipating at the beginning of the year.

Unidentified Participant

Very good. We get a lot of questions comparing Expedia to your biggest competitor, which is Priceline. And (inaudible) the benchmark be the operating statement or income statement together. But before we jump into that, you have a big initiative, Expedia Travel Preference, which is agency model would allow. Why did you decide to do that and if you just think about it, what will it do to your overall income statement and cash flow? I guess you said 25% potential conversion of hotels over time.

Mark Okerstrom - *Expedia, Inc - CFO*

So why did we do it? Well, we in 2008 bought a little company in Italy called Venere. Venere came with it, about 30,000 agency hotels predominantly in Europe and that gave us the ability to experiment not only with the agency hotel business as we put that agency product on hotels.com and on Expedia, but also interestingly with being able to offer consumers the choice to book now with us or book now and pay later at the hotel. And what we found in our tests was that consumers really liked that choice. In fact, it was something that drove a conversion benefit.

Unidentified Participant

Why wouldn't everyone just choose to pay you later? Is there a (inaudible) pricing on merchant model?

Mark Okerstrom - *Expedia, Inc - CFO*

There's a lot of interesting reasons why and what we find is that it may not actually be specific consumers. It may just be purchase occasions and what we find is in the middle, the majority of consumers, they actually don't care. They're not going to make a purchase decision either way based upon when you pay or who you pay. But there are a portion of purchase occasions where people will only pay you up front and there's a portion where they will only pay the hotel later.

The portion that will only pay you up front, a great example is when the Brazilian Real began to depreciate, we saw a lot of Brazilians booking their trips to Miami and locking in their prices on Merchant. They would not book agency even though we had agency product. They were locking in their exchange rate. On the flip side, on the agency side there's a lot of VAT for business-to-business type travel that we see in Europe where travelers get a VAT receipt from the hotel for 17% back. If they book agency, they don't get that with merchants. Just a couple of examples where people will only book one or the other.

Unidentified Participant

Okay, so you're rolling it out. It probably expands your consumer base a bit and then from the hotel side is there kind of increase your inventory in certain ways?

Mark Okerstrom - *Expedia, Inc - CFO*

Yes, well I think for -- in the first instance, it definitely expands the aperture on both the supply side and the consumer side. The consumer side we mentioned. On the supply side, we had -- even though we had agency hotel, we generally didn't have agency hotels in the large markets. We stuck with the merchant model. This enables us to offer agency at scale in primary and secondary and tertiary markets. And that gives us more breadth of inventory across the board. We also find hotels that they really want to increase their agency mix for really working capital benefits.

So whereas before we might have hotels that said listen, we'll only do a little bit of business with you and we don't want to offer a full set of inventory to you, now with agency, hotels are a little bit more willing to in many cases give us the full set of inventory. So it does open up both availability in the existing hotels and it does create something that's just more attractive, can be more attractive to hotels.

The early results we're seeing is that hotels that are participating are actually seeing a 500-basis point increase in their room night growth. And so we're seeing that the performance is very strong and that's causing other hotels to be very interested in signing up.

Unidentified Participant

From a platform perspective, is that 500 coming off the guys who aren't doing agency or is it helping overall Expedia's growth? What do you think?

Mark Okerstrom - *Expedia, Inc - CFO*

Well, the tests that we've done and so far what we've seen is that conversion is actually going up, which would suggest that the whole boat is rising.

Unidentified Participant

Okay, and then from a unit economic perspective, bottom line for booking or per customer booking, does agency get you to about the same place on the bottom line or is it a little bit less profitable for you?

Mark Okerstrom - *Expedia, Inc - CFO*

Well, what we've said is that we want to essentially be agnostic across both models and really allow consumers to make the choice without us being particularly worried about the economics. More or less, things tend to wash out as you get to the bottom line and there's various puts and takes. There will be some pressure on unit economics from a revenue perspective, which we've called out as we take somebody to take down margins in certain regions in exchange for passing the credit card fees off to hoteliers.

But more or less, with all the puts and takes, it generally washes out so far from what we've seen.

Unidentified Participant

Good, I'll ask one more and then we'll open to the question. I'm sure this comes up a lot and I mentioned earlier your margin versus Priceline. There's a lot of room in between the two. Some would say it's a big opportunity for Expedia. Maybe you could just help us understand the differences in the margin and break it down into segments, if you can, to the extent that you're able to do that.

Mark Okerstrom - *Expedia, Inc - CFO*

Sure. Well, I think the biggest difference between the margin structures of our businesses is just the scope of the businesses and the portfolios. The Priceline group is Priceline, Booking.com, Agoda, Rentalcars.com, which is the equivalent of our Hotwire, Hotels.com, probably Venere and Carrentals.com. And they take that platform, if you will, that technology stack, that market management team and they put a hotel volume on top of that, which is larger than our overall hotel volume. Right, so they've got super scale on the subset of costs. Now, we look at that as a huge opportunity. We look at Hotels.com with this global platform and with Expedia Traveler Preference rolling out, the online market capabilities that we built over the course of the last couple of years and we say, listen, that's a business that has a huge amount of headroom for it and that's a big opportunity.

Separately, we've got brand Expedia, which is a full-service online travel agency that doesn't just have hotels. They've got air, train, car, all of the connectivity associated with that. You've got Egencia that has all of that plus all of the policy layer for corporate travel. Add in Elong and you've got this other part of the business that is a little bit more expensive to operate. It's just heavier on technology and it's running a hotel business that is also smaller than the hotel business that Priceline runs on top of that platform.

So we view the whole portfolio is a huge amount of opportunity and margin expansion is certainly something that we expect to be able to deliver over the long-term. And we've just building a business for more scale and that's scale that we're working to build over time.

Unidentified Participant

Let's see if we have some questions in the audience before we get to a couple other topics. We got anything out there? Here.

QUESTIONS AND ANSWERS

Unidentified Audience Member

(Inaudible). Do you also see the hotels getting more aggressive on direct marketing to consumers like they did back in 2006 and 2007?

Mark Okerstrom - *Expedia, Inc - CFO*

We haven't seen a significant change. Hotels have -- in the big chains have for some time been trying to direct more business to their direct channel. Their websites have been getting a lot better, but we've seen things more or less settle out. They did start a business called Room Key over a year ago, which was a business that was a consumer facing website that was put together by a consortium of the chains as another way to get more direct traffic. We haven't seen that have a huge impact.

So I think it's something they are trying to do, they've always tried to do. I think there's always going to be a great role for that in their portfolio of distribution as there will be for us.

Unidentified Participant

Okay, I don't see any -- why don't we move onto Google and maybe just talk about your relationship there. I know you brought up some objections in the EU. What's your relationship with Google and how the ROI is trending to the extent that you're able to talk about that?

Mark Okerstrom - *Expedia, Inc - CFO*

Sure, frenemies. Google is a dominant player in search and so we're always wary of what they do in our space. That said, they are a great source of traffic for us and a great partner on the demand generation side. We have been watching with interest what they've been doing in travel. So far it's been fairly predictable in terms of they've been doing what they would expect they might do, which is trying to make their leads more qualified. And Google was a search business who was being outsearched essentially by players like Kayak and Trivago who were doing hotel search simply better than they were. They had technology that was able to distribute more highly qualified leads than Google was and Google didn't like that. And I think to date, Google is we believe losing hotel search volume to the likes of Trivago.

That said, they are obviously moving towards a meta search model and trying to remedy that gap in product capability and to the extent that they're successful in doing any of that and they move more so to meta search, generally that's been -- that would be a good thing for us. Meta search is a great channel for us. It's a highly qualified lead. Our breadth of inventory and the attractiveness of our prices generally allow us to do very well in the channel. And so the extent they move that way like Trip Advisor is moving that way, there will be some near term volatility I expect but it will be a long-term good thing for us.

Unidentified Participant

Okay, and that brings us right into Trivago. So you saw maybe some incremental share moving over to Trivago in Europe from Google. Is that one of the reasons you bought it and would that maybe reduce your dependency on Google as Trivago keeps gaining share over time?

Mark Okerstrom - *Expedia, Inc - CFO*

Well, possibly. The strategic rationale behind the Trivago acquisition was very simple, which was here was a business that was growing at rates and had a model that with global application that was able to build scale very quickly market after market on a repeated basis through having a great product, building a great brand, and they had a great management team. And there are very few times, there have been very few times in our industry where we've seen businesses that have been able to demonstrate that global scalability and was something that we just thought we really wanted to have as part of the portfolio and we were thrilled to have them in the family.

It does give us more exposure to Europe. It gives us more exposure to a very high margin media type business and those are both great things for our financials as well.

Unidentified Participant

Okay, here we have one in the front.

Unidentified Audience Member

Hi. Could you speak a little bit to what Expedia is doing on the ad-tech front to drive advertising revenue?

Mark Okerstrom - *Expedia, Inc - CFO*

So we have a business called Expedia Media Solutions, which essentially administers the advertising across the portfolio of our brands and we're I would say fairly sophisticated in that we use behavioral retargeting. We're always taking a look at advertisement's impact on our conversion rates and trying to optimize. And so we're doing a host of things there. There's lots of things that we can do, but really the advertising revenue that you've seen on our P&L has been drawn really from display placements on all of our brands. It's something that as our brands get better and traffic increases, as you've certainly seen with brand Expedia as a result of the re-platforming should also grow with the rest of our business.

Unidentified Participant

Okay, maybe we could talk a little bit about the capital structure of the Company and Barry Diller's ownership and voting control as well as liberties and what's the latest news on that front if there is any?

Mark Okerstrom - *Expedia, Inc - CFO*

Sure, well no news. Barry has about 57% of the vote. On a combined basis, there are just over 20%. Liberty has got about 17% of our shares, but Barry has the balance. And listen, no change. We are and have always been very happy with Liberty as a board member, very happy with them as a shareholder. They're a real value add and listen, that said, we've always said that we are net long-term buyers of the stock. And so we're always open to proposals, but nothing to report.

Unidentified Participant

And you have really good cash flow. It's really interesting though to the other companies because the merchant model has been growing. So you've deployed a lot of the cash and buybacks in other companies. We've seen that ICSI, for example, that (inaudible) Barry Diller controls have had large buybacks. And something you just think about over time. Do you wait for the share price to be in a favorable range or how do you think about deploying them towards that?

Mark Okerstrom - *Expedia, Inc - CFO*

Well, I think we've always tried to strike a balance between reducing our capital structure, doing acquisitions, paying dividends. I think there hasn't been a significant change to that policy. Over time, we generally don't give guidance on what buybacks we're going to do when. We tell you about them after we've done them and I think that will be the modus operandi going forward.

Unidentified Participant

Very good. Why don't we talk about mobile, which is obviously a theme you hear about with every company. Do you think it's accelerating OTA share gains as people have a phone in front of them instead of basically calling, but also is it helping you relative to hotel websites?

Mark Okerstrom - *Expedia, Inc - CFO*

It's hard to pin it to exact numbers, but we believe that will be a long-term trend or at least that's a very possible long-term trend. I mean we certainly see pieces of mobile, particularly around smartphones where we do believe there is true incremental share coming from Hotel Direct. These are last minute bookings on the smartphone and anywhere from 50% to 80% of those bookings end up being within the same day or next day. And that's booking volume or booking patterns that we didn't historically have in our portfolio. I mean these are roadside travelers who are booking their Marriott Courtyard on the side of the road and before they would drive up and now they're on their apps booking it.

So we do believe that is creating share shift on smartphones. With respect to tablets, I think that is also an opportunity and I think the opportunity really comes from the fact that anytime we've seen significant technological innovation in our industry in terms of the creation of new channels like we saw with Google, Meta Search, certainly now with smartphones, it has lended itself to players who are more technologically driven and that's certainly OTAs as opposed to the hotels.

So I think that is potentially catalyzing more share shift as well. non-deductible then of course there is the thesis, and again this isn't something that we can particularly prove out in the numbers right now. But there is the thesis that particularly on smartphones the premium put on the real estate suggests that aggregators should do better than individual hotels and I think that will particularly be the case in markets like Europe and Asia where there's more independent hotels.

Unidentified Participant

Okay, is there an opportunity that's deleveraging on the market you can leverage as people start going directly to the apps more and are you seeing that kind of behavior?

Mark Okerstrom - *Expedia, Inc - CFO*

Sure, there's certainly that opportunity and there's that opportunity in that core business as our products get better. I mean the first phase in the customer relationship is always this first trial through a very expensive channel and then they come back to you for free. That happens in the app world. It happens in the desktop world. What we've seen so far in the app world is that we have seen good lifetime value from these apps, good repeat behavior from people using the apps. Now, what we don't know for sure is whether or not the apps we currently have installed are biased towards our most loyal users already or whether it's truly representative of a change in a broader sense.

Unidentified Participant

Okay, got it. Anymore? One more question that is one of the controversies, the Booking.com marketing spend any less and their focus on a US. People ask a lot of questions about that. I don't know if that's had any impact on your business. What are you seeing on the US side? Any impact on that?

Mark Okerstrom - *Expedia, Inc - CFO*

Well, no meaningful impact. We have had Booking.com in this market for the better part of three or four years. They've been executing well under their usual paid search led strategy and at the same time, we have coexisted and have very healthy growth rates in the US right alongside them and that hasn't changed. It's a very large market. Now, they are doing something new, which is they're doing television advertising and they're doing television advertising at the same time as players like Travelocity have become a little bit quieter. So we sort of got a replacement of competitors in the television advertising space and that's something that we deal with all the time. Television advertising is something that we've been doing for a while. We're pretty good at it. Priceline has also been pretty good at it. We'll see how Booking.com does that.

But as a proportion of their overall spend, it's a fraction and again we haven't seen a significant impact or really any meaningful impact on our business as a result of that.

Unidentified Participant

Okay, and from here through the rest of the year what are the key initiatives for the Company? Is it more marketing spend? Is it still making incremental improvements in the technology platform? Is it getting the packages platform going? What could really make a difference and essentially help you outperform your expectations?

Mark Okerstrom - *Expedia, Inc - CFO*

Yes, well listen I think despite the fact that there's been a huge amount of stock price volatility in the last couple of months, the story hasn't changed and we continue to be very focused on really four key things. One is the hotel space, right, continuing to drive and expand our global hotel business. Expedia Traveler Preference is a key pillar behind that and that's something we're rolling out throughout the year.

Secondly, it's just continued geographic expansion and over the course of the last couple of years across all of our brands, we've launched about 28 new points of sale. We're going to continue to invest in expanding overseas and that's a key driver. Third is continue just technology and product innovation, particularly around Brand Expedia. Brand Expedia is a business that we really saw start to accelerate through 2012. We said that in Q1 it accelerated room night growth yet again and they're in the middle of rolling out their new packages product, which is pretty exciting. The ability to cross-sell to an air traveler a hotel with the message, hey, if you book this hotel you get your flight for free. Very compelling. Not something that anyone else in the marketplace can do right now in the US and certainly not globally.

So we're going to continue to do that at Brand Expedia and then across all of our brands. And then mobile is a big thrust for us as well. We're very focused on enhancing our applications and mobile web experience. We're moving to responsive designs as quickly as we can and we're happy with what we see. So those are the key drivers. Haven't really changed. 2013 is a continuation of the story. We're very excited about the opportunity.

Unidentified Participant

Okay, and I guess last one. When you think about the geographic mix and US and Europe are more mature businesses, is there any areas of the globe that are really kind of accelerating and could really make a difference here for your growth rates, South America, Asia, or any specific countries?

Mark Okerstrom - *Expedia, Inc - CFO*

I think I'll say two things on that. One is the overall opportunity is still huge. I mean we are such a fraction of the overall trillion-dollar opportunity that even in the US we see big opportunity in Europe where we're a fraction of the size of Booking.com. There's still tons of opportunity for us that Expedia Traveler Preference to some extent really opens up. This is the last leg in the stool to open up, but all that said we're pretty excited about China. China is a great market, obviously a huge population and a government that has demonstrated the ability to actually invest in and execute on infrastructure build out. So over the long-term, we're pretty excited about China and we're very pleased with our position, which is we're really the only global player that has a meaningful presence in China with Elong. And we're excited not only about the domestic Chinese opportunity, but as Chinese travelers begin to travel more internationally, be able to drive that demand into our network of international hotels.

Unidentified Participant

And having a majority owned company there, does that create any regulatory issues in China or any other operational issues for you?

Mark Okerstrom - *Expedia, Inc - CFO*

Well, listen, there's always operational issues when you're operating in China. We are very fortunate to have a strong local Chinese management team. We think that having Elong as an independent publicly traded company helps us in that regard and yes, there's always bumps along the road when you're doing business in China. But we're very pleased with the progress.

Unidentified Participant

Okay, and last one, and I don't know if you can provide an update, but when you went back to your April, I mean were you looking forward to a good summer travel season when you guys were looking at the macro and how trends were going back in April?

Mark Okerstrom - *Expedia, Inc - CFO*

Yes, I think generally we were looking forward to continued great progress across all of our brands, a continuation of macro trends that we were seeing. And again, I think the -- what we saw in April was the guidance reflects really a continuation of the story with the exception that we were having some challenges at Hotwire.

Unidentified Participant

Very good. We really appreciate your time. Thanks for joining us.

Mark Okerstrom - *Expedia, Inc - CFO*

Thanks a lot.

Unidentified Participant

Thank you.