FINAL TRANSCRIPT

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PRESENTATION

Doug Anmuth - *JPMorgan - Analyst*

All right, I think we're going to go ahead and get started here. My name is Doug Anmuth. I am the Internet analyst here at JPMorgan. It's our pleasure to have with us today Expedia President and CEO, Dara Khosrowshahi. Expedia is the world's largest online travel company with more than $26 billion in bookings in 2010, operating multiple brands across Expedia, hotels.com, Hotwire, TripAdvisor, and others. The Company reported 9% gross bookings growth in the first quarter and recently announced the spinoff of TripAdvisor to existing shareholders.

So Dara has been CEO of Expedia since 2005 and prior to that ran the entire travel group within IEC. He was also the CFO of IEC and also oversaw strategic planning. So welcome, Dara.

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Thank you. Thanks for having me.

Doug Anmuth - *JPMorgan - Analyst*

Absolutely. So let's start with hotels.com, which has been particularly strong recently. We saw in 1Q 39% bookings growth. Now has a hotel business that is bigger than Expedia's entire hotel business.

So what do you think are the key drivers here of this outsized growth? How sustainable is it going forward?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Sure, just to be specific, the hotels.com business is larger than Expedia's standalone hotels business. If you add Expedia hotels and packages, it's still bigger. But hotels has just been performing incredibly well for us and the core comes to the site itself and the site conversion.

In 2009, we embarked on a pretty ambitious platform integration for hotels.com replant forming of that business and we were able to deliver on that platform in early 2010 and since then, it has been a process of testing and learning, optimizing the site, making it faster, introducing new features that consumers have wanted, and driving the conversion there, the increase in conversion benefits, gross bookings and revenue growth, and also allows us to invest more aggressively in new channels, new marketing channels for hotels.com.

So you combine a solid conversion profile along with an international opportunity for hotels.com both in Europe and Asia Pacific, which are really early markets and you add up to a pretty attractive growth profile and the team is executing well and we hope to see more of that in the future.

Doug Anmuth - *JPMorgan - Analyst*

Through the replatforming process, obviously you've seen the increase in conversion rates. What are some of those features and pieces of functionality that you think have made the biggest difference?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

There's no single feature that is a homerun feature. It is a combination of many features including site speed, the site look and feel, etc., and some of the features that have worked are features that we don't want our competition to copy.

Doug Anmuth - *JPMorgan - Analyst*

I figured that.

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

So we won't get into the specifics. But what I will say is that there isn't one feature that is responsible for anything close to the majority of that growth. It's a combination of a number of features which have resulted in overall conversion increase over time.

Doug Anmuth - *JPMorgan - Analyst*

Okay. All right, let's talk about the European hotel business a little bit and in particular just sort of the agency and merchant kind of mix. We saw international bookings growth was pretty stable in the first quarter at about 19%, clearly helped by hotels.com. So how are you thinking about the product mix in Europe between merchant and agency? You obviously rolled out Easy Manage a little while back. What kind of success has it had? What needs to be done to accelerate the business?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Sure, just to give you a sense of the supply profile on a worldwide basis for the business for the business. [Whatever on] 135,000 properties that are bookable on Expedia, 55% of those properties are merchant model. Around 25%, 26% of them are direct agency model, Easy Manage, and the rest are through third-party connectivity, etc. The balance of the agency business in Europe is growing faster than the merchant business. The agency properties tends to be in secondary and tertiary markets, tend to be smaller hotels and in general our growth rates in secondary and tertiary markets are faster than our growth rates in the major markets, the Londons, the Paris's etc.

Is that because of our inventory or just natural evolution online in those secondary, tertiary markets? I think it's a combination of both and we are reasonably happy with our agency profile. When I talk to our employees is that we are not a seller of merchant hotels or agency hotels. We are a marketer of hotels and whether that hotel is a merchant hotel agency hotel, we are relatively neutral.

So we will -- the most important goal for us is to build out our supply base on a worldwide basis, have the hotels available that consumers want to book, and facilitate that booking through the sites that we have on a worldwide basis.

And whether it's merchant or agency, frankly, we don't care. I would expect the agency profile of the business as a percentage of the whole to increase over time.

Doug Anmuth - *JPMorgan - Analyst*

So a question which is a little bit -- the answer seems to be a little bit elusive, which is just sort of figuring out penetration rates in terms of when you think about the properties that you have for example in Europe and in other international markets, how penetrated do you think the hotel properties are? Let's take Europe specifically and for Expedia and hotels.com to drive a higher penetration, how much does the model need to shift more toward an agency business?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Sure, we would estimate that on a worldwide basis there are probably 400,000 to 500,000 hotels that are out there and available to be booked and I get that number mostly from TripAdvisor. It's immediate property. It can have any hotel out there that exists, anyone who's got a room, come stay at a room.

We have around 135,000 hotels, so you can see that we think there's a good amount of supply penetration left in the business. Now I would tell you that if we have done our homework right, we have put on the right 135,000 hotels and those are the hotels that are going to bring in the majority of inventory now and any additional hotels that we bring onto the site aren't going to contribute as much as the ones that we already have on the site.

That said, we are focused on broadening our footprint. I think the larger opportunity for us is to drive more traffic, more business through the hotels with a portfolio that we are ready have. Especially in Europe, especially in secondary markets, and especially in the Asia-Pacific markets where Internet penetration is very, very low.

Stepping back a bit, US Internet travel penetration seems to be around 50%, 50%, 60%. Hotels is below that. Air seems to lead. European penetration is 30% plus, hotels is below that. Asia penetration is 20% or so and again hotels below that overall number.

When you look at the marketplaces, Europe is larger than the US. Asia just hit the US's size and is going to be larger on a go-forward basis than the US.

So with the profile that we have, which is very strong US business that is growing healthily, big opportunity in Europe already profitable business, we think that growing at healthier rates going forward and Asia again, very nice opportunity. It's a business that has a base. We're adding to that base. We think that the kind of Internet tailwind, the Internet penetration tailwind is going to be a tailwind for the foreseeable future.

Doug Anmuth - *JPMorgan - Analyst*

Okay, so we talked about the hotels.com sort of replatforming and now you are obviously spending a lot of money in technical content making some very strategic investments to really do a similar process with Expedia. So I guess what -- is it the hotels.com experience in that process that makes you so confident essentially in having the same kind of results with Expedia?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Listen, anytime you make an investment, an investment comes with risk. So there are no guarantees in life. I think the folks in the audience are in the business of making investments where the odds favor them. And I would say that the hotels.com experience, the same kind of improvements that we have seen in hotels.com are available to us on Expedia on a worldwide basis to the extent that we can execute the migration from the old platform onto the new platform.

The consumer, the nature of the Expedia consumer is fairly similar to the hotels.com consumer, so we are not speaking to a completely different segment. They are both fairly mass-market products and while I don't expect everything that we did at hotels.com to work on Expedia, the advantage that we have is we know what worked and what didn't work at hotels.com. We are going to use that to drive the Expedia pathway and Expedia will innovate on its own. That is kind of the advantage that we have with this portfolio, which is each business is driving its own innovation and at the same time sharing best practices.

So that combination makes us pretty confident that if we execute on the platform, on the Expedia platform, and that's not a given, rewards will come in the form of conversion and hopefully healthier revenue growth or a stronger margin profile as far as marketing efficiencies.

Doug Anmuth - *JPMorgan - Analyst*

What's the timing around the migration?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

The migration is in different steps. The first part of the migration is the Expedia hotels path, which should be done sometime midyear. Then we are going to roll out air for the balance of the year and packages going into next year. So I would say by early next year, the majority of Expedia's revenue should be rolling over the new path, call it early to mid next year, and then we will roll out the remainder of the site, car path, destination services, etc.

And hopefully by the end of next year, really the full sum Expedia experience will be what we want it to be, which is just a terrific, delightful, quick experience for users.

Doug Anmuth - *JPMorgan - Analyst*

Okay, good. Let's talk about APAC a little bit. You recently signed an interesting deal with Air Asia in terms of a JV. What is the most compelling and differentiated about this deal? Can you give us any sort of color on how it's structured from a financial perspective?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Sure, from a financial perspective, it's pretty simple. It's a 50-50 JV. We said we are both going to go into this as partners, equal partners. Air Asia is just an incredible operation, one of the leading low-cost carriers in Asia, the leading low-cost carrier in the Southeast Asian marketplaces. And we looked at Southeast Asia, which is very, very early in its penetration. Hotels.com is first building out its own Pan-Asian presence and is not inside the joint venture. When we looked at Expedia, which was looking to launch into those marketplaces, we either had the opportunity to do it on our own -- it would have taken longer. We would have been a smaller presence in those marketplaces.

Or we had the opportunity to partner up with a very strong local player, a very dynamic local player to accelerate our penetration into the marketplaces without huge capital costs. And that was the calculus that went in there. One is, can you accelerate and can you build a bigger presence faster without having to spend huge amounts of upfront capital?

The second one was we secured Air Asia inventory, which is excellent inventory in that marketplace on an exclusive basis for the joint venture for Expedia inside the joint venture. The third was just getting a great local partner.

Air Asia knows what kind of marketing works, what kind of marketing doesn't work in that marketplace, what is an appropriate level of investment, etc.? Having a local partner we hope is going to bring a lot to the table.

Doug Anmuth - *JPMorgan - Analyst*

Okay, when you think about how you're approaching APAC compared to Europe several years ago, what do you see as sort of the key -- if there are any key differences in terms of how you are going about it?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

I think one key difference and it's a pretty important difference is that the European marketplaces are more similar than not. While every market has its own particulars, the UK is different from France versus Italy versus Germany, etc., in general, online penetration is following along similar paths and the nature of the business, how you work with hoteliers, the connectivity systems, the GDSs that provide the air content, etc., it's much more similar than what you see in Asia.

Asia is a word, it's not a place. The Chinese market is totally different from Australia, which is completely different from Southeast Asia. So our approach in Asia has to be much more focused on the particular Asian country versus trying to build out a Pan-Asian platform and that's to some extent the approach that you see with us, which is in China for example, the bet that we have on the bookings side is eLong, which is a majority-owned subsidiary, which we are quite happy about the progress that that company has made. And then with TripAdvisor, you see TripAdvisor launching Daodao, which is TripAdvisor China. And we also bought the number two meta-search player in China, which is Kuxun.

So from a multinational travel player perspective, we like our position. We very much like our position and we think we are better positioned in China than any of the other players out there.

We have a good presence in Japan through Expedia and hotels.com. Australia is a very strong market for us. I think we are gaining share against some of the incumbents in there. And then Southeast Asia is the market that we are focusing on per the joint venture.

So Asia is -- I think it's a tougher nut to crack, but it is -- the penetration is very, very early and obviously the market size and the demographics are all in our favor.

Doug Anmuth - *JPMorgan - Analyst*

Okay, let's shift gears a little bit toward TripAdvisor and the spin. So the big question still I think sort of why do the spin now? And you made some comments a couple weeks ago on the call just in terms of wanting to focus the businesses more. If you could just elaborate a little bit more on that.

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Sure, and there is no perfect time for these kinds of activities. If there were, I would like to know it. We had been discussing the spin on a Board level for some time and we had structured the TripAdvisor businesses so that they were largely operating independently of the Expedia businesses. We were sharing best practices. We were helping each other, but the businesses were essentially separate so that we would have the optionality to spin if we wanted to, spin off the businesses.

There are a couple of factors that came into play which kind of brought everything together. One was as you said, the focus issue, which is we think and I think it's universal that to the extent an employee feels like his or her contributions have a direct effect on their equity and how the stock is doing, we think that motivates employees more effectively. And we thought as TripAdvisor was gaining scale and becoming a larger part of the Expedia business to spin off TripAdvisor and let that team really execute on their own, build a big business was beneficial and also would secure that management team for a long period of time. That is very important because it's a terrific management team.

I think that on the Expedia side, on the travel agency side, we have been as you know investing very aggressively on our platforms and we expect to start seeing returns on those investments as you've seen with the hotels.com platform.

And to some extent TripAdvisor has been the largest growth driver for the business for the past three years and we now want our travel agency business to really be able to grow on its own without TripAdvisor as being a contributor, it focuses us as a team to execute, and I think that's a positive factor.

The other factors that obviously we looked at were market valuations of Internet media properties, which are quite healthy and we thought that was a value creation opportunity. So you put that together but really with locking down management, focusing management at the time, it just seemed right.

Doug Anmuth - *JPMorgan - Analyst*

Okay, on the 1Q call you indicated that Google Places was impacting trip traffic and revenue perhaps a little bit but obviously trip revenue growth was overall very strong.

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Very healthy.

Doug Anmuth - *JPMorgan - Analyst*

So what have you done to offset the impact of places and how the obviously algorithmic results are being shown differently within Google results?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

It's really about driving growth in other places in the business and I'd say the three significant areas of growth for TripAdvisor are just general traffic growth especially internationally. International growth at TripAdvisor has been tremendous. 75% of users who come to TripAdvisor are now outside the US.

We are in 29 countries. I think we launched 11 countries in the past year alone. So TripAdvisor is really very busy increasing the geographic scope and its resulting in higher traffic growth and so we certainly took a hit from Google but the traffic growth internationally has been so healthy that we are able to take that hit and still show click growth of 30%, which ultimately drove the revenue growth. So just international growth is one area that we are very focused on and I think executing well on.

The second is classically TripAdvisor has been a business that has -- the revenue growth has come from click growth, CBCs and CPMs. We're building a new business, a subscription business, the (inaudible) business. It allows hoteliers to list the property, the URLs, phone number, etc., and drive more direct traffic into their direct sites. TripAdvisor is the largest travel media site in the world as far as traffic goes and we think that's a pretty compelling proposition. It's a subscription business. The revenue has a different profile than call the cost per click and CPM revenue as well.

We are also going into the vacation rentals business, same thing as subscription business. So you'll see with TripAdvisor not only will we have CPC revenue, CPM revenue, but we will -- we are building a nice repeating revenue subscription base as well. That's a second area of growth.

The third area of growth is mobile and social. It is -- TripAdvisor has one of the best mobile apps out there as far as downloads go and we are seeing very, very strong traffic growth from the mobile apps and we are also hooking up with facebook to connect TripAdvisor users with their facebook networks.

So that not only can you come to TripAdvisor to get the wisdom of the masses, but you can also if you are coming to Boston and you want to see where you have stayed, you can see how many of your friends have been to Boston, which of them have posted a review. You can ask for their advice on coming to Boston through the connectivity with facebook. And we think that's just a dynamite combination.

Doug Anmuth - *JPMorgan - Analyst*

Okay, let's shift gears a little bit and just talk about the rising costs of travel. I think if you think about the first quarter, I think air tickets were down 10%. Obviously there was some American Airlines certainly impact in there. But average air ticket prices I think increased by 13%.

So how concerned are you about consumers reaching this limit on what they are willing to pay to travel and what it means for your business?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

It's certainly a concern and there's a good part to it and there's a bad part to it. Starting with the negative, which is in general higher average ticket prices on the air business hurt our air unit growth and hurt our package revenue. Packages are a significant source of savings for consumers. The higher the prices there, typically hurt volumes.

We have seen airlines push -- continually push higher airfares with higher oil prices, the majority of which have stuck although we are now seeing for the first time load factors on our airlines go down on a year-on-year basis. So I do think that we are getting to some -- to a point where -- to a point of resistance and I don't expect to see ATPs accelerate from here but I do think that ATPs are going to be a net negative for us on a go-forward basis.

Average daily rates for hotels are I would say a net positive for the P&L of the business. They could have a negative effect on room night growth, although you saw in Q1 room night growth was quite healthy, so we didn't feel it. On a net basis, that's revenue that's coming in that doesn't have any fixed costs in general against those revenues. So ADRs are definitely a net positive for the business.

How will the two shake out? I'm not sure. The third kind of part of that is the business traveler and our Egencia business travel business and we haven't yet seen -- we see businesses continuing to travel. They don't seem to be pulling back from travel as a result of higher prices yet, although that's something that they were watching closely.

Doug Anmuth - *JPMorgan - Analyst*

All right, I've got a lot more questions but we are going to open it up. I think actually if you could just go to the mic that's in the center of the room just so they can hear you on the webcast, that would be great.

QUESTIONS AND ANSWERS

Unidentified Audience Member

Two-part question. How do you see the industry's relationship with the airline industry evolving over time? As well as with the Google acquisition of the --

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Dara Khosrowshahi - *Expedia Inc. - President and CEO*

ITA?

Unidentified Audience Member

ITA, thank you, and being -- how do you see the competition with that evolving over time?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Sure, as far as the relationship with the airlines, I think it's a symbiotic relationship on a long-term basis. We are a distribution platform for the airlines to the extent that they have our traffic, they can increase yields overall and increase prices, which is certainly in their interest on a long-term basis. The airlines are going through renewals, long-term renewals with GDSs and I think the big question is going to be what are the economics of those renewals and what are the structure of those renewals on a go-forward basis?

So I do see some volatility in the marketplace this year. You saw it with our relationship with American, but I think what will ultimately win out is that our interests ultimately are aligned, which is we want their content and they want our traffic, and that's really the reason why we are in business with American and in business with every other major airliner in the US and internationally as well.

As far as Google ITA, it's very difficult to speculate. We expect lots of innovation in the Google search path. We see Google as a media company and as a pure play media company. So we think our job is to create great highly converting sites which can attract traffic from not only Google but a number of other traffic sources, TripAdvisor, Kayak, Direct, through loyalty programs, etc.

So while we see a significant amount of variability in Google's product, as long as they are in the media business, which I think they will be in the media business for some time to come, for the foreseeable future, we think we will have the opportunity to buy that traffic and hopefully buy that traffic profitably.

Unidentified Audience Member

Can you just talk about what's driving the margin compression in the leisure online travel business? And where do you see that stabilizing here or we should expect that to continue down and what would drive the stabilization?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Sure, there are two factors, significant factors as far as the margin compression go. One is that we are making significant investments in our technology infrastructure. We talked about the success of those investments on the hotels.com platform. We continue to make investments in the Expedia platform, etc. I would expect that going into next year the increase in those -- in the technology investments should ease up as we move along the platform investments and don't need to invest in platform and new features at the same time. Whether or not we can increase margins to some extent depends on the revenue growth generation of the Company and whether we can keep revenue growth above or at the rate of technology investment that we are making.

The other very significant factor is marketing investment and that marketing investment this year has been in a number of new channels, international marketplaces in Europe and to the Asia-Pacific region. As those markets mature, we would expect to see the marketing efficiencies improve in those marketplaces, but when that happens and how aggressively we invest frankly depends on the opportunity next year.

So there is certainly potential for improvement, but we haven't given guidance to the Street as to what the timing of that improvement will be.

Unidentified Audience Member

(inaudible -- microphone inaccessible)

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Compression as far as the margins go? Again, it depends on -- I'd say the most significant factor is marketing costs as a percentage of revenue and that is going to be a function of whether or not the technology investments we are making accrue to our conversion. That would be a positive. We certainly see that on the hotels.com front and we would hope to see that with Expedia.

The second is really our investment in the emerging markets in Asia Pacific and Latin America. Two, there is a natural headwind. As we grow in those marketplaces and the growth rates in those marketplaces are faster than they are in the US for example, the margins in those markets tend to be lower than the US. So there is a natural headwind as far as marketing spend there goes.

Charley Jobson - *Delta Partners - Analyst*

[Charley Jobson] from Delta Partners. A couple of questions, one on social networking. Does the spinoff of Expedia or TripAdvisor sort of affect what you can put in Expedia and hotels.com? Do you want to put in more social networking component into those sites, similar to a GoGo Bot elsewhere? What are your thoughts there?

Two, just on the nature of competition within the US hotel market both from a standpoint of on distribution margins and also from booking.com coming into the states, I think I have been told that distribution expenses for US hotels is something on the order 22% to 27% in total. Can that kind of a -- with that kind of distribution margin being so heavy, can that be sustained long-term by the OTAs?

And also if you could address booking.com coming at you in the US in the markets and as you go after them in Europe and how that's going to play out over time?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Sure, as far as social networking goes, I think we will be -- it's a relatively new market for us and we will be experimenting in those marketplaces on a go forward basis both for TripAdvisor as far as it exchanging data with facebook and on Expedia and hotels.com really looking at the social networking as a new channel out there.

So for example with Expedia, we launched a great sweepstakes product and we have taken the number of facebook followers that we have on facebook from 100,000 to over one million. We are five to 10 times larger than any of the other players out there and that opens up a channel for us to engage those users in a different way than we have in the past. It's experimental.

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We are quite excited about the possibilities but at this point, it's a pretty small channel that we hope turns into a big channel, which will diversify the sources of traffic that we have. That's always a good thing for us.

As far as margins, competitions in the US in general, I am not going to speak to the specific margins, the distribution margins of hoteliers. What I will say is that our renewals with independents, with large players out there have been relatively at the same terms. There are always discussions about margins, etc. There are always discussions about lots of other terms, but we think that we bring real value to the equation and if you look at some of the studies done by Cornell Hospitality, it would suggest that for every one booking that these hoteliers are getting on our site, which we charge them for, they are getting three to nine bookings directly on their own sites as a result of the billboard effect.

Tons -- millions and millions of people are coming to our sites, researching for places to stay, finding hotels, and opening up a new window and looking at those hotels on a direct basis and often booking directly. So I think that the benefit that we bring to the table and hoteliers are seeing it more and more, there's an absolute media benefit because if you are a hotelier in New York, you need to be listed as part of our product because millions of people are looking and is it's a variable marketing channel as well. And we think that combination is a pretty strong combination.

In looking at booking.com coming in the US, our going in Europe, etc., I think it's a misnomer to say that we are going after each other. This is a huge market. The hotel space is still -- the penetration in the hotel space is still relatively low. We look at booking.com, they are a very, very strong competitor, but I think that both of our businesses can grow. They can grow in the US. We can grow in Europe. We can grow in Asia Pacific without stepping on each other's toys -- not toys, toes -- for years and years to come.

I think that worry is a worry five to 10 years from now. It's not a worry right now and it's certainly not a winner take all market by any means.

Doug Anmuth - *JPMorgan - Analyst*

Just one quick follow-up on that. Are there any cutting-edge services that you could really provide, suite services to the hoteliers that can really provide a value added beyond what you have been doing in the last five years?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

I think the most important value add right now for hotels is bringing them business and build occupancies. Occupancies now are in the high 50s, still lower than they have been historically. I think what hoteliers want is for us to get occupancies up to 60% so they can start driving ADRs as well and we are seeing signs of that.

And I think that's the most significant incremental value we can bring the hoteliers and that is what we're focused on right now.

Doug Anmuth - *JPMorgan - Analyst*

Okay, a couple more questions for you. And if anybody else has any more, you can jump up there. But just you mentioned Google and obviously not sure what they're going to do here with ITA, but you can certainly probably expect to see some change in search results.

But what about more travel-specific competitors who have the potential to go down the booking path further? You've seen it with Kayak a little bit already. I think there's some others that can do that as well. How do you think about that potential competition, what it could mean for Expedia and hotels.com?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

I don't think the nature of the competition is going to change and when you look at Kayak and their solution, it is an affiliate deal with Travelocity, so Kayak isn't getting into the OTA business. I don't think that they want to be bothered by the customer service and really build out the infrastructure, the backend infrastructure that you need.

So we look at what Kayak is doing and it's a media deal that just looks different to the user, but it's fundamentally a media deal. It's not different from what we've seen in the past.

So I do think that the media businesses are going to stay in the media game. They will look to monetize their sites more effectively, which is what Kayak is doing. To some extent, that's what Google is doing with you can see pricing on their maps, you can see pricing on places, etc. They will try to qualify traffic more effectively and monetize our sites more effectively and the transactional sites, us, the other players out there, will look to convert consumers more effectively to be able to buy more profitable traffic. I don't see those two fundamentals changing.

Doug Anmuth - *JPMorgan - Analyst*

Then just a final question for you just around the Liberty stake. What is your latest thinking around the Liberty stake? Were you prohibited recently as you were going into the TripAdvisor spin in any way? And are you prohibited now from -- let's just --

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Prohibited from what?

Doug Anmuth - *JPMorgan - Analyst*

Not necessarily from buying back Liberty stake but from buying shares in general?

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

In general to the extent that you have material nonpublic information, you can't be in the marketplaces. And between obviously when we thought we were going to spin off to the announcement and now to the filing, we can't be in the public markets as far as buybacks go.

And as far as Liberty goes, they have been a terrific supporter and a great investor, high-quality investor for us. John Malone and Bill Fitzgerald are terrific Board members and we love having them in the business.

Doug Anmuth - *JPMorgan - Analyst*

Okay, great. We are going to leave it there in the interest of time. Thank you, Dara.

Dara Khosrowshahi - *Expedia Inc. - President and CEO*

Thank you very much.