Key Competitive Advantages

- Unique US travel brand portfolio
- Superior technology platform
- Unparalleled global reach
- Entrepreneurial management team
- IAC corporate resources
Mission

- Help everyone, everywhere plan and purchase everything in travel
Mission

Everything

Air
Car
Cruise
Destination Services

Everywhere

Global Reach

Everyone

Leisure Corporation
Family
Small Business
Seniors

IAC/Travel

IAC/InterActiveCorp
The Worldwide Travel & Tourism Market

- **$238 Billion** U.S. Travel
  - $160B Leisure & Unmanaged Business
  - $78B Corporate

- **$850 Billion** Travel
  - $350B Europe
  - $262B Other
  - $238B U.S.

- **$2.6 Trillion** Travel & Tourism
  - $1,750B Destination Services
  - $850B Travel

Source: Data as of 2001 from WTTC, Jupiter Research & Expedia estimates
Online Penetration of U.S. Leisure and Unmanaged Business Travel

Total Market Size:
- 2002: $160B
- 2010: $209B

Gross Bookings
- 75% - $156B
- 50% - $104B

15% or $24B Online in 2002

Source: Jupiter for historical information.
Online Penetration of International Travel Market

Total Market Size:
2002: $350B
2010: $450B

Source: Jupiter for historical information.
Online Penetration of U.S. Corporate Travel

Total Market Size:
2002: $78B
2010: $124B

9% or $7B Online in 2002

60% - $74B
IACT Expectation
40%- $50B

Source: Jupiter for historical information.
## Total Online Travel Opportunity

<table>
<thead>
<tr>
<th></th>
<th>2002 JUPITER</th>
<th>2010 IACT ESTIMATE</th>
<th>PERCENTAGE OF CATEGORY ONLINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leisure &amp; Unmanaged Business</td>
<td>$24B</td>
<td>$104 - $156B</td>
<td>50%-75%</td>
</tr>
<tr>
<td>Corporate</td>
<td>$7B</td>
<td>$50B - $74B</td>
<td>40%-60%</td>
</tr>
<tr>
<td>International</td>
<td>$6B</td>
<td>$135B - $225B</td>
<td>30%-50%</td>
</tr>
<tr>
<td>Total</td>
<td>$37B</td>
<td>$289B - $455B</td>
<td>37%-58%</td>
</tr>
<tr>
<td>IAC Travel Gross Bookings</td>
<td>$6.9B</td>
<td>$55 – 86B</td>
<td></td>
</tr>
</tbody>
</table>
IAC Travel’s Broad Market Approach

**US Consumer**
- Expedia.com
  - Don't just travel. Travel right.
- hotels.com
- Hotwire.com
- INTERVAL INTERNATIONAL

**Private Label**
- wwte
  - Worldwide travel exchange
- ian
  - Interactive Affiliate Network
- hoteldiscount.com
  - Rates up 70% off - Rooms for Sold Out Dates
- TravelNow.com

**International**
- .Expedia.co.uk
- .Expedia.de
- .Expedia.ca
- voyages-sncf.com
  - l'hypervoyage
- Travel Shop
- hotels.com
- INTERVAL INTERNATIONAL

**Corporate**
- Expedia Corporate Travel
### Leading Travel Sellers Worldwide

**2002 Gross Bookings**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Seller</th>
<th>Gross Bookings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>American Express + Rosenbluth</td>
<td>$20.7B</td>
</tr>
<tr>
<td>2</td>
<td>TUI</td>
<td>$13.7B</td>
</tr>
<tr>
<td>3</td>
<td>Carlson Wagonlit</td>
<td>$12.5B</td>
</tr>
<tr>
<td>4</td>
<td>JTB</td>
<td>$11.5B</td>
</tr>
<tr>
<td>5</td>
<td>IAC Travel</td>
<td>$6.9B</td>
</tr>
<tr>
<td>6</td>
<td>My Travel</td>
<td>$6.0B</td>
</tr>
<tr>
<td>7</td>
<td>Navigant Travel</td>
<td>$5.3B</td>
</tr>
<tr>
<td>8</td>
<td>WorldTravel BTI</td>
<td>$5.3B</td>
</tr>
<tr>
<td>9</td>
<td>First Choice</td>
<td>$3.7B</td>
</tr>
<tr>
<td>10</td>
<td>Travelocity</td>
<td>$3.5B</td>
</tr>
<tr>
<td>11</td>
<td>AAA Travel</td>
<td>$3.2B</td>
</tr>
<tr>
<td>12</td>
<td>Orbitz</td>
<td>$2.5B</td>
</tr>
<tr>
<td>13</td>
<td>Kuoni</td>
<td>$2.5B</td>
</tr>
<tr>
<td>14</td>
<td>TQ3 Maritz Travel</td>
<td>$1.6B</td>
</tr>
<tr>
<td>15</td>
<td>Cendant Travel</td>
<td>$1.2B</td>
</tr>
</tbody>
</table>

“IAC Travel” includes:
- Expedia, Inc.
- Hotels.com
- Interval International
- Hotwire
- TV Travel Store (UK)

Source: Travel Weekly, Expedia Management estimates
US Market Segments

- SIMPLE
  - Air Tickets
  - Hotel Rooms
  - Rental Cars
  - 60-70%
  - 15-20%

- COMPLEX
  - Packages
  - Vacations
  - Complex Itineraries
  - Business Travel
  - 60-70%
  - 15-20%

- $ to $$$$
  - Expedia, Inc.
  - 15-20%

- $ to $$$$ (central)
  - Expedia Corporate Travel
  - Interval World
  - Hotels.com
  - Hotwire
  - 15-20%

IAC InterActiveCorp
US Travel Gross Bookings

IAC Travel Gross Bookings includes gross revenue for Hotels.com.
Expedia.com

Consumer Proposition
- “The Whole Trip”
- Unique Inventory
- Dynamic Packages
- Service Quality
  - ACSI leader, BBB winner

Supplier Proposition
- Brand-agnostic shoppers
- “Billboard” effect

Opportunities
- Packages only 27% rev.
- Destination Services
- Cruise just launched
Expedia.com Packages Revenue

- **2001:** $21.7 million
- **2002:** $107.1 million
- **9mos-2003:** $170.3 million

As % of Total Expedia Revenue
Expedia Penetration: Online Travel Transaction Reach

Expedia % of online travel transaction reach

Average monthly MMX/Comscore reach
6 mos data for 2000; 9 mos data for 2003

37.7% 3Q03
IACT Expectation
60%
40%
- **Consumer Proposition**
  - Save on Hotels
  - Low Rate Guarantee
  - Promos & Deals

- **Supplier Proposition**
  - Affiliate network
  - Price-sensitive customer

- **Opportunities**
  - International expansion
  - Traffic from other IACT
  - WWTE packages
Hotels/Expedia Integration

Vacation packages
1. What type of trip do you need?
   - One destination (one city, one hotel)
   - Two destinations (two cities, two hotels)

2. What type of vacation package do you need?
   - Flight + Hotel + Car
   - Flight + Hotel
   - Hotel + Car

3. Where and when do you want to travel?
   - Leaving from:
   - Going to:
   - Departing (MM/DD/YY):
   - Returning (MM/DD/YY):
   - Anytime

4. Who is going on this trip?
   - Rooms:
   - Adults (age 18 to 54):
   - Seniors (age 65+):
   - Children (age 0 to 18):

Search

CUSTOMER SUPPORT
- For round-the-clock help, call us toll-free at 1-866-610-4770
- For self service or e-mail support, visit our online customer support center.
Hotel Market Dynamics

BRANDED vs. INDEPENDENT

52% BRANDED HOTELS
48% INDEPENDENT HOTELS

SOURCE: Smith Travel Research

FIERCE COMPETITION

COSTLY TRADITIONAL MARKETING

Quick, name the best hotel in New York.

30%+ ROOMS UNSOLD
QUARTERLY OCCUPANCY RATES %

SOURCE: Smith Travel Research
The IAC Merchant Hotel Business

- Hotels don’t pay for listings, only for business generated
- Compares favorably to risking money on newspaper advertising

Hotel’s Potential New Customers Want Choice

Travelers

Loyal Customers Shop Direct

50% of conversion books direct

87% First Time Customers

Hotel Direct

Direct Bookings

Customer books via Expedia or Hotels.com, paying in advance
Expedia & Hotels.com pay hotel for room post-checkout
IAC keeps margin

IAC InterActiveCorp
Merchant Hotel Proposition

$0.00
ZERO
UPFRONT
COST

87% FIRST TIME
CUSTOMERS

1:1
50%
DIRECT vs.
INDIRECT

| BOOKINGS | $200.00 | 25% |
| COST     | $50.00  |     |

| BOOKINGS | $400.00 |
| COST     | $50.00  |
| CREDIT CARD FEE | (2%) |

Sources: IAC Travel research, Phocuswright
IAC Travel + Hotwire Merchant Room Nights

95% of Nov 02 participating hotels participate today

- **IAC+HW**
  - 2001: 9.7mm
  - 2002: 18mm
  - 9 mos. 2003: 21.3 mm

In Thousands
- Consumer Proposition
  - Trade Info for Savings
  - No Bid = No Overpay

- Supplier Proposition
  - Incremental business
  - Completely opaque
  - Low overhead

- Opportunities
  - Traffic from Expedia & Hotels.com
  - International Expansion
    - Supply & Demand
  - Bigger resource base
Hotwire Trends

Growing Consumer Awareness

As consumer awareness has grown, Hotwire has gained meaningful share with respect to Priceline

Source: Hotwire, Ibsos-Direct Online. Awareness data as of Apr03
Classic Custom Vacations

Available now!
Classic's new destinations & properties for 2004

- Consumer Proposition
  - High End Experience
  - Differentiate in Destination
  - Exclusives like Hertz Gold

- Supplier Proposition
  - Target the high end
  - Packages opacity protects supplier price points

- Opportunities
  - Cut cost with agent online booking tools
  - Increase revenue with consumer online booking

CLASSIC HAWAII®
CLASSIC AMERICA®
CLASSIC CARIBBEAN®
CLASSIC EUROPE®
CLASSIC MEXICO®

Register for our Hot Deals Emails

Hawaii Things to Do & See
Interval International

- Consumer Proposition
  - Get more from timeshare
  - Network of big brands
  - Added benefits from EPI

- Supplier Proposition
  - Higher-end membership
  - No channel conflict
    - RCI buying developers

- Opportunities
  - Cut cost with online exchange tools
  - Sell distressed inventory on Expedia and Hotels
  - Generate developer leads from Expedia and Hotels

Interval International's resort directory contains information to help you plan your next exchange vacation, including resort descriptions, photos, and listings of amenities and activities on-site and nearby.
Expedia Corporate Travel

Welcome Aboard!
Enjoy the flight to a better way of managing your business travel!

With Expedia Corporate Travel, you receive world-class travel agents dedicated to your business and leading-edge technology in one easy-to-use solution.

Now companies large and small can leverage our strength as the world’s leading online travel agency to get unmatched deals on air, car, and hotels.

- Company Proposition
  - Savings on fees
  - Savings on travel
  - Control to travel manager
  - 1-stop agency & software

- Employee Proposition
  - Zero training
  - Confidence

- Supplier Proposition
  - Cut cost with online

- Opportunities
  - Rapid online adoption

Unique Advantages for your Travel Programs:
- Save up to 50% on transaction fees vs. a traditional agency and on average

Value and service customers appreciate:
*Expedia Corporate Travel is the perfect solution for our business - the ease and convenience of booking online, supported by a full-service agency.

Contact a sales representative
Or call 1-866-328-0110

Travel Decision Makers
Enroll your company today!
Expedia Corporate Travel Proposition

<table>
<thead>
<tr>
<th></th>
<th>Traditional Corporate Agency</th>
<th>Expedia Business Travelers</th>
<th>Projected Savings 50% online adoption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticket price</td>
<td>$501</td>
<td>$388</td>
<td>$113</td>
</tr>
<tr>
<td>Annual air spend</td>
<td>$1,000,000</td>
<td>$819,209</td>
<td>$180,791</td>
</tr>
<tr>
<td>Agency transaction fee</td>
<td>$31**</td>
<td>$5 online</td>
<td>$26 online</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$20 offline</td>
<td>$11 offline</td>
</tr>
<tr>
<td>Projected annual fees</td>
<td>$61,876</td>
<td>$24,950</td>
<td>$36,926</td>
</tr>
<tr>
<td><strong>Total savings</strong></td>
<td></td>
<td></td>
<td>$217,717</td>
</tr>
</tbody>
</table>

- Company with $1M annual air spend adopts ECT
- New spend for same travel: $782,283
- Total savings: $217,717, or 21%
Current Markets Outside U.S.

Core Markets Cover
- 80% of Europe’s population
- 90% (approx.) of Europe’s travel sales

Population (Millions)

<table>
<thead>
<tr>
<th>Country</th>
<th>DE</th>
<th>UK</th>
<th>FR</th>
<th>NL</th>
<th>CA</th>
<th>IT</th>
<th>ES</th>
<th>SE</th>
<th>BE</th>
<th>DK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>82</td>
<td>60</td>
<td>60</td>
<td>16</td>
<td>31</td>
<td>58</td>
<td>40</td>
<td>9</td>
<td>10</td>
<td>5</td>
</tr>
</tbody>
</table>

($Billion)

- Package Sales
- Air Sales
IAC Travel International Gross Bookings

2001:
- Q1 '01: $47 million
- Q2 '01: $59 million
- Q3 '01: $66 million
- Q4 '01: $63 million

2002:
- Q1 '02: $88 million
- Q2 '02: $97 million
- Q3 '02: $145 million
- Q4 '02: $138 million

9mos-2003:
- Q1 '03: $215 million
- Q2 '03: $255 million
- Q3 '03: $322 million

As % of Total Travel Gross Bookings:
- 2001: 2%
- 2002: 4%
- 9mos-2003: 14%

Excludes TV Travel Group.
Private Label

ASP for Mid-Market
- #1 cumulative reach

B2B, access to IACT technology & inventory
- E.G. Airlines sell our hotels/car rentals

Structure
- Variable Spend Only
- Deepen Supplier Relationships
- Deepen Supply Pool
IAC Travel Advantages

- Unique US travel brand portfolio
- Superior technology platform
- Unparalleled global reach
- Entrepreneurial management team
- IAC corporate resources
### Long-Term Priorities

- **Spend marketing and innovate to grow US market share**
- **Generate 50% of revenue from outside of US**
- **Grow Expedia.com packages to 50% of Expedia revenue**
- **Continue disciplined entry to corporate travel market**