

IAC/Travel

Erik Blachford

President and CEO,
Expedia, Inc. & IAC Travel



Key Competitive Advantages

IAC/Travel

- **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

IAC/Travel

Mission

Everything



**Air
Car
Cruise
Destination Services**

Everywhere



Global Reach

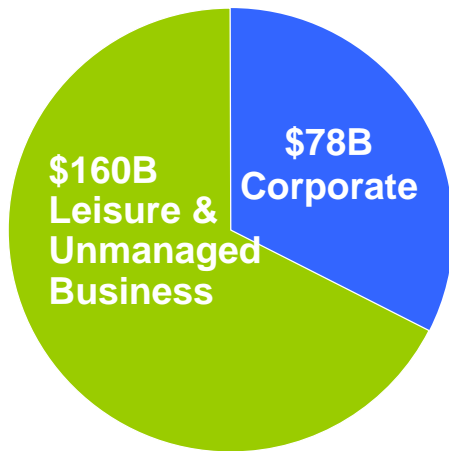
Everyone



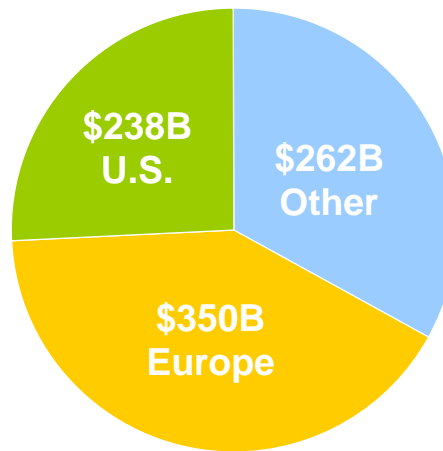
**Leisure
Corporation
Family
Small Business
Seniors**

The Worldwide Travel & Tourism Market

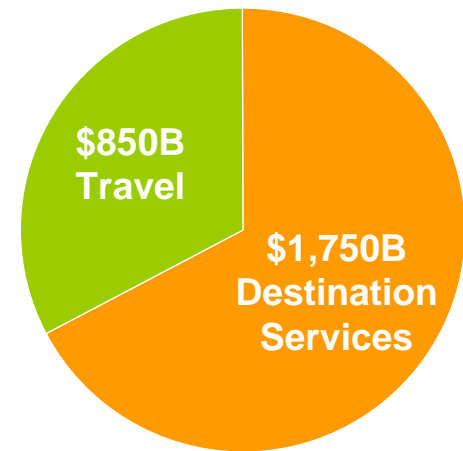
**\$238 Billion
U.S. Travel**



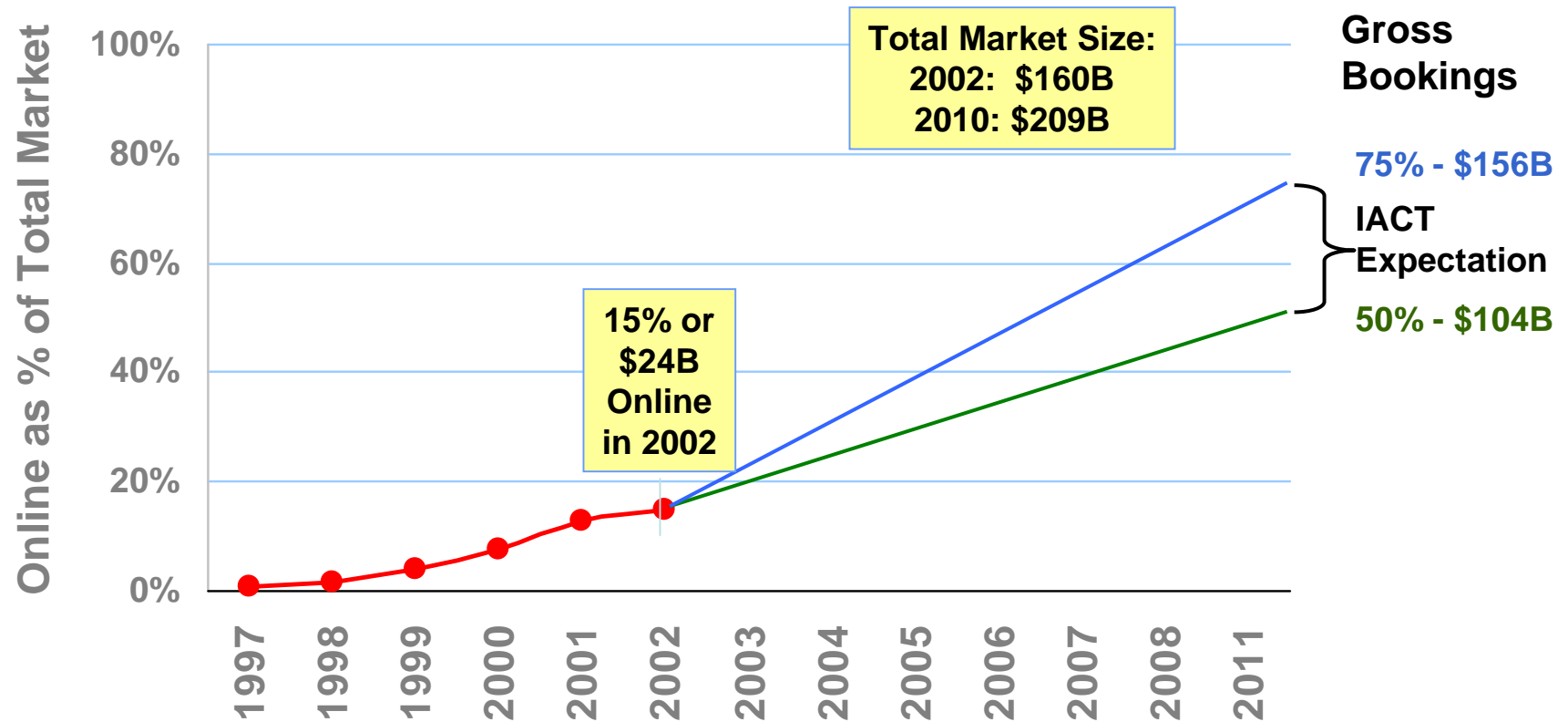
**\$850 Billion
Travel**



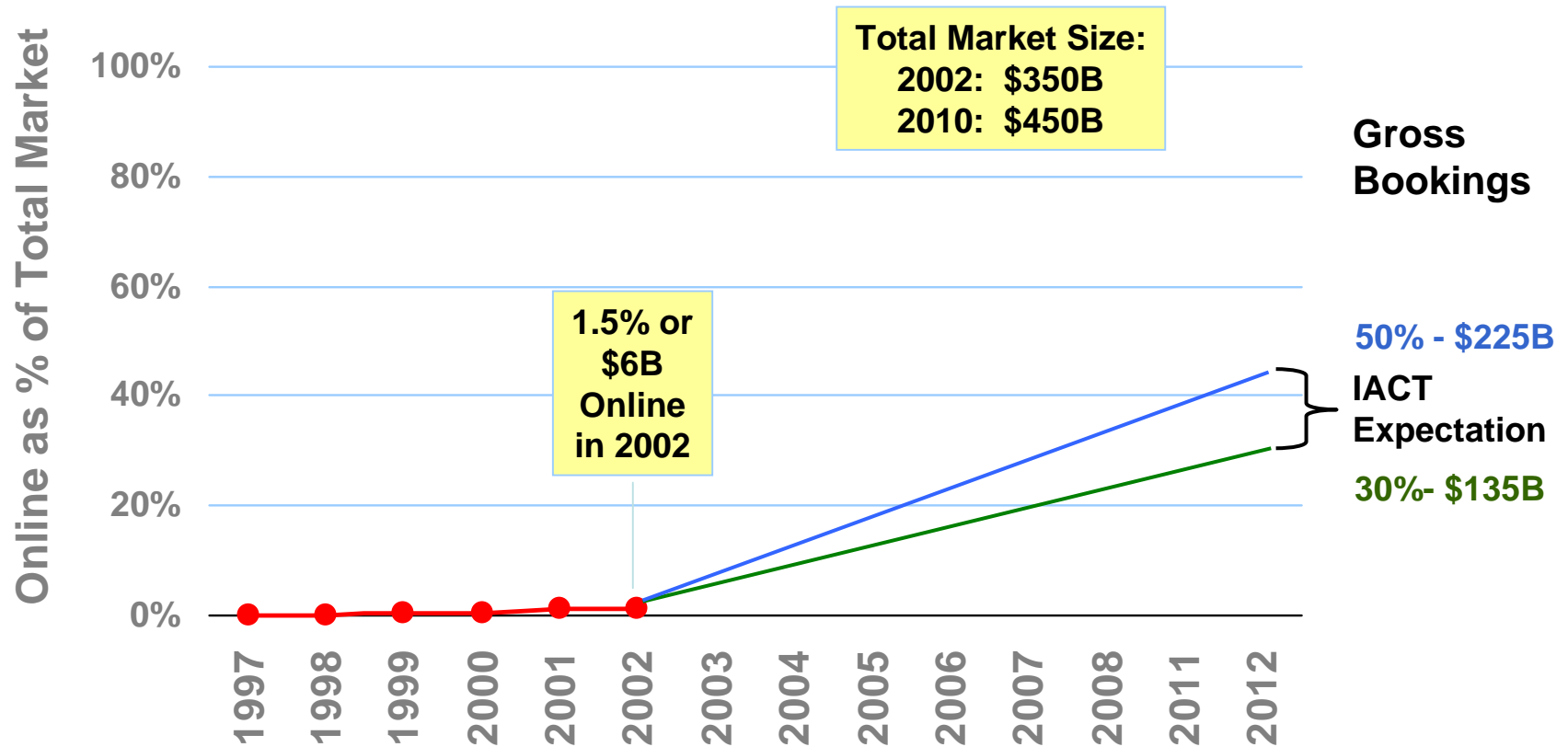
**\$2.6 Trillion
Travel & Tourism**



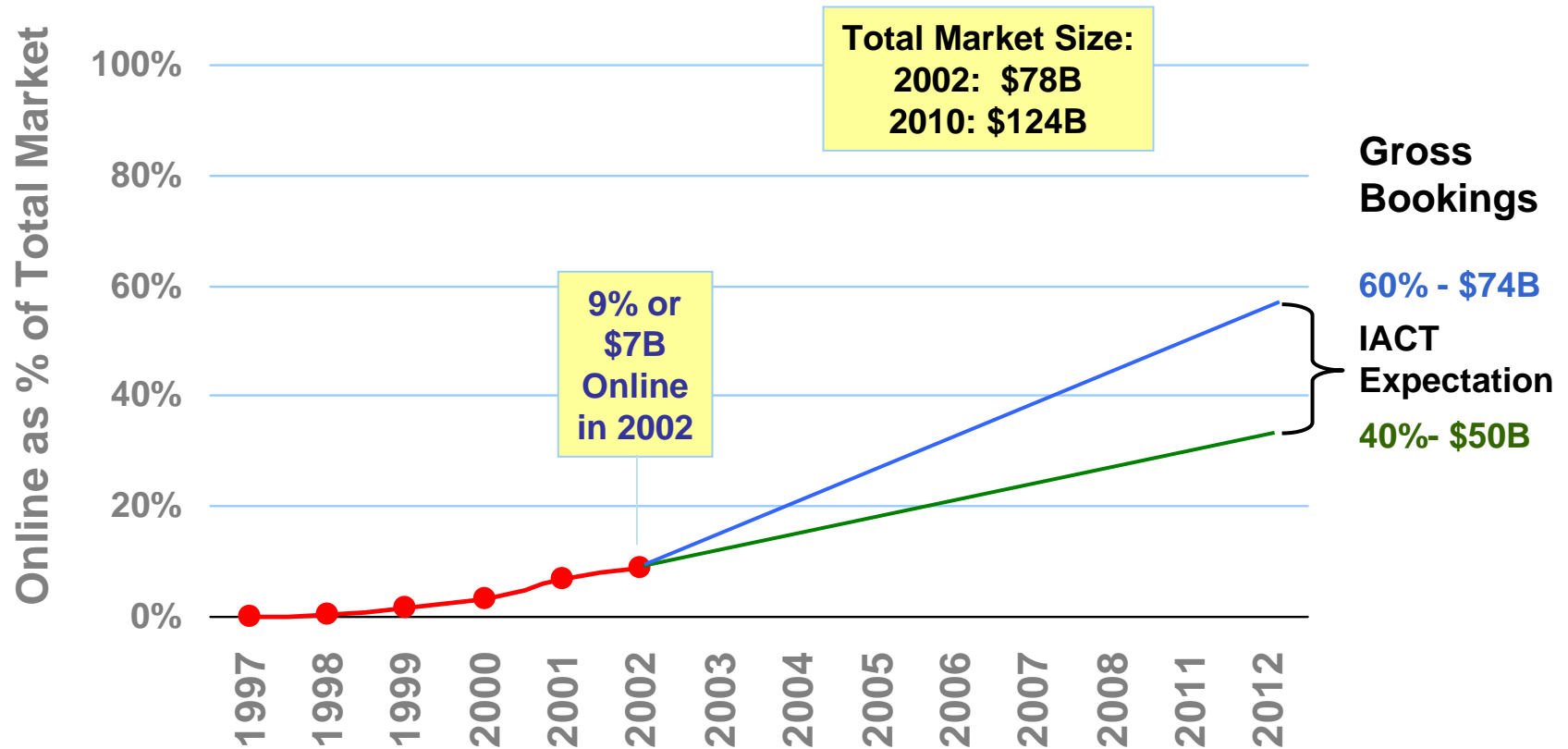
Online Penetration of U.S. Leisure and Unmanaged Business Travel



Online Penetration of International Travel Market



Online Penetration of U.S. Corporate Travel



Total Online Travel Opportunity

	2002 JUPITER	2010 IACT ESTIMATE	PERCENTAGE OF CATEGORY ONLINE
Leisure & Unmanaged Business	\$24B	\$104 - \$156B	50%-75%
Corporate	\$7B	\$50B - \$74B	40%-60%
International	\$6B	\$135B - \$225B	30%-50%
Total	\$37B	\$289B - \$455B	37%-58%
IAC Travel Gross Bookings	\$6.9B	\$55 – 86B	

IAC Travel's Broad Market Approach

US Consumer



Expedia.com
Don't just travel. Travel Right.™

hotels.com

Hotwire.com
Fly. Sleep. Drive. Cheap.

**INTERVAL
INTERNATIONAL**
THE QUALITY VACATION EXCHANGE NETWORK™



Private Label



ian
Interactive Affiliate Network

hoteldiscount.com
RATES UP TO 70% OFF - ROOMS FOR SOLD OUT DATES

TravelNow .com

Corporate

Expedia
Corporate Travel

International

Expedia.co.uk

Expedia.de

Expedia.ca

voyages-sncf.com
l'hypervoyage

**Travel
Shop**

hotels.com

**INTERVAL
INTERNATIONAL**
THE QUALITY VACATION EXCHANGE NETWORK™

Leading Travel Sellers Worldwide

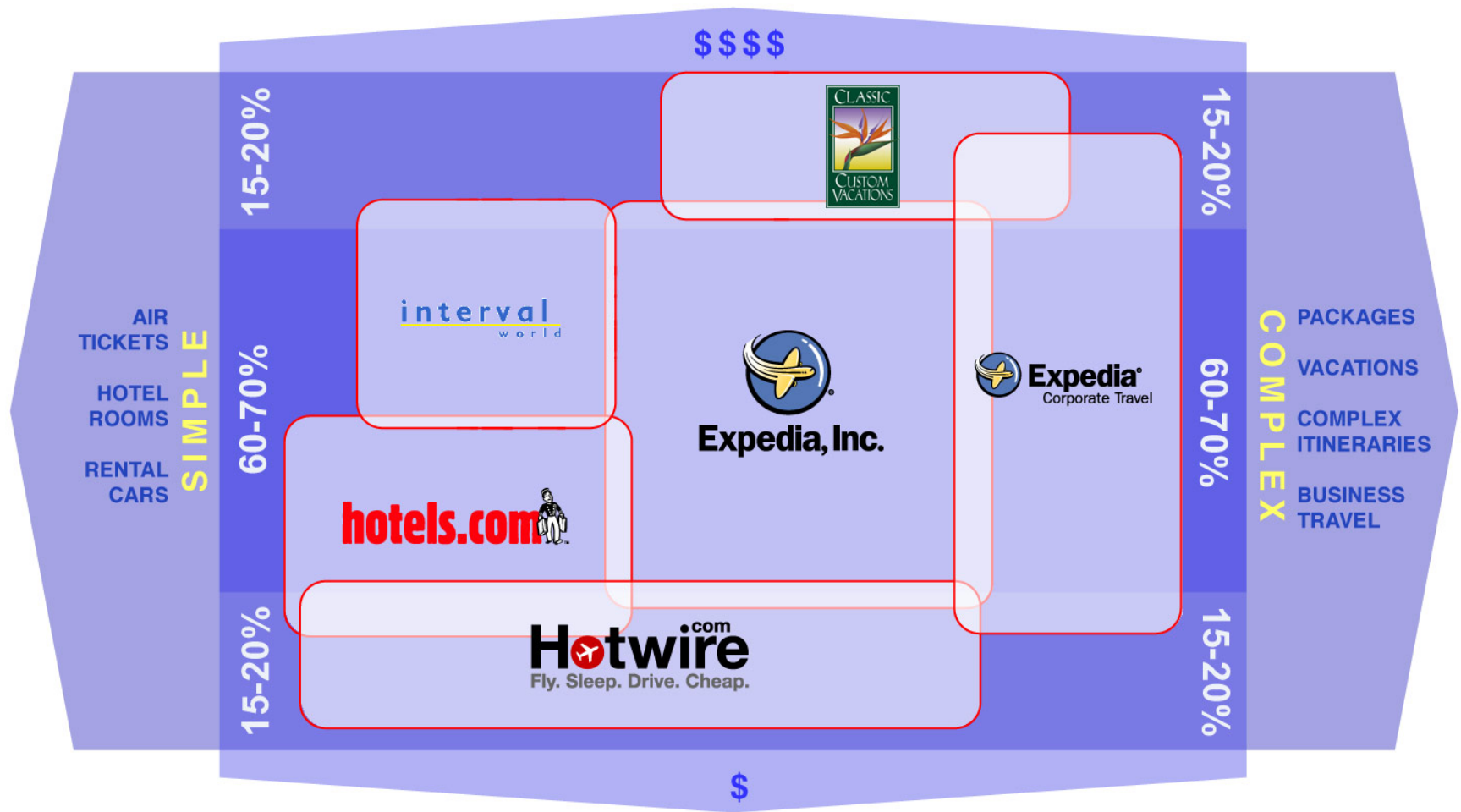
2002 Gross Bookings

1	American Express + Rosenbluth	\$20.7B
2	TUI	\$13.7B
3	Carlson Wagonlit	\$12.5B
4	JTB	\$11.5B
5	IAC Travel	\$6.9B
6	My Travel	\$6.0B
7	Navigant Travel	\$5.3B
8	WorldTravel BTI	\$5.3B
9	First Choice	\$3.7B
10	Travelocity	\$3.5B
11	AAA Travel	\$3.2B
12	Orbitz	\$2.5B
13	Kuoni	\$2.5B
14	TQ3 Maritz Travel	\$1.6B
15	Cendant Travel	\$1.2B

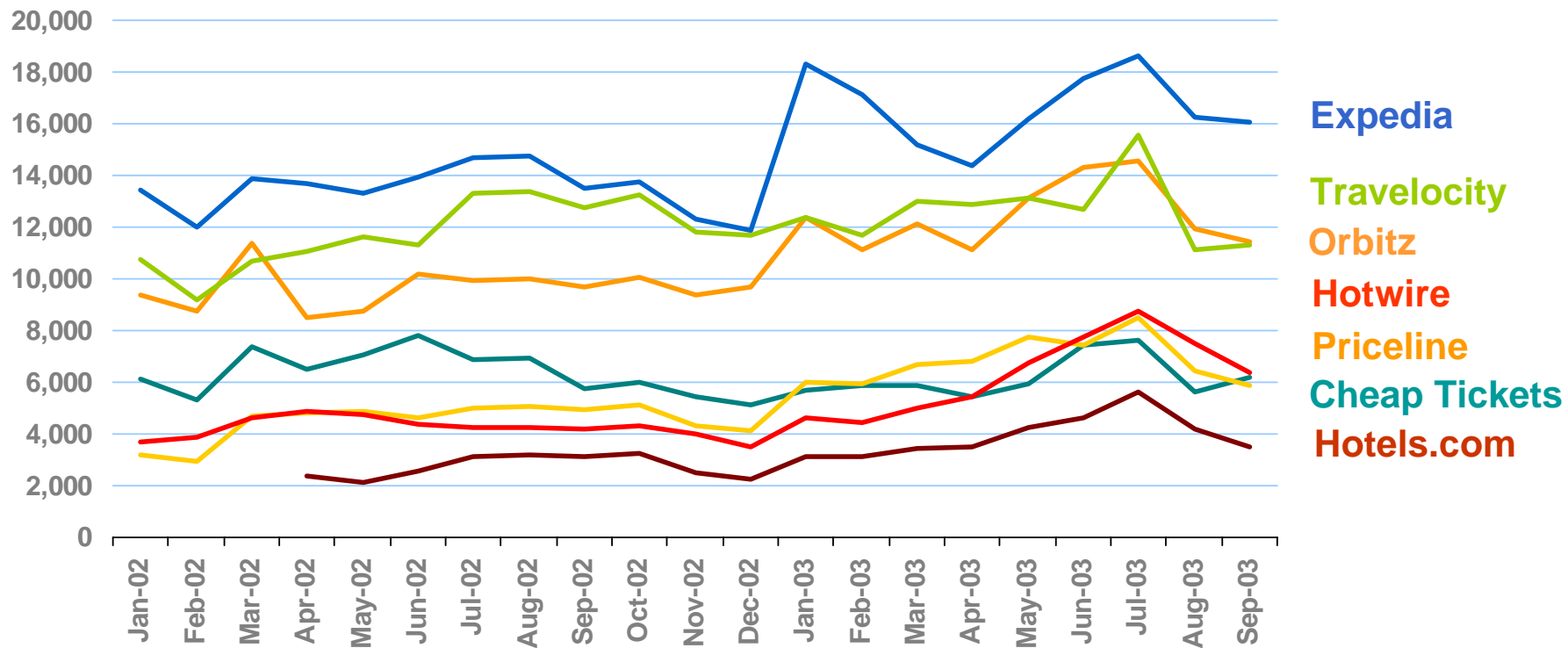
“IAC Travel” includes:

- Expedia, Inc.
- Hotels.com
- Interval International
- Hotwire
- TV Travel Store (UK)

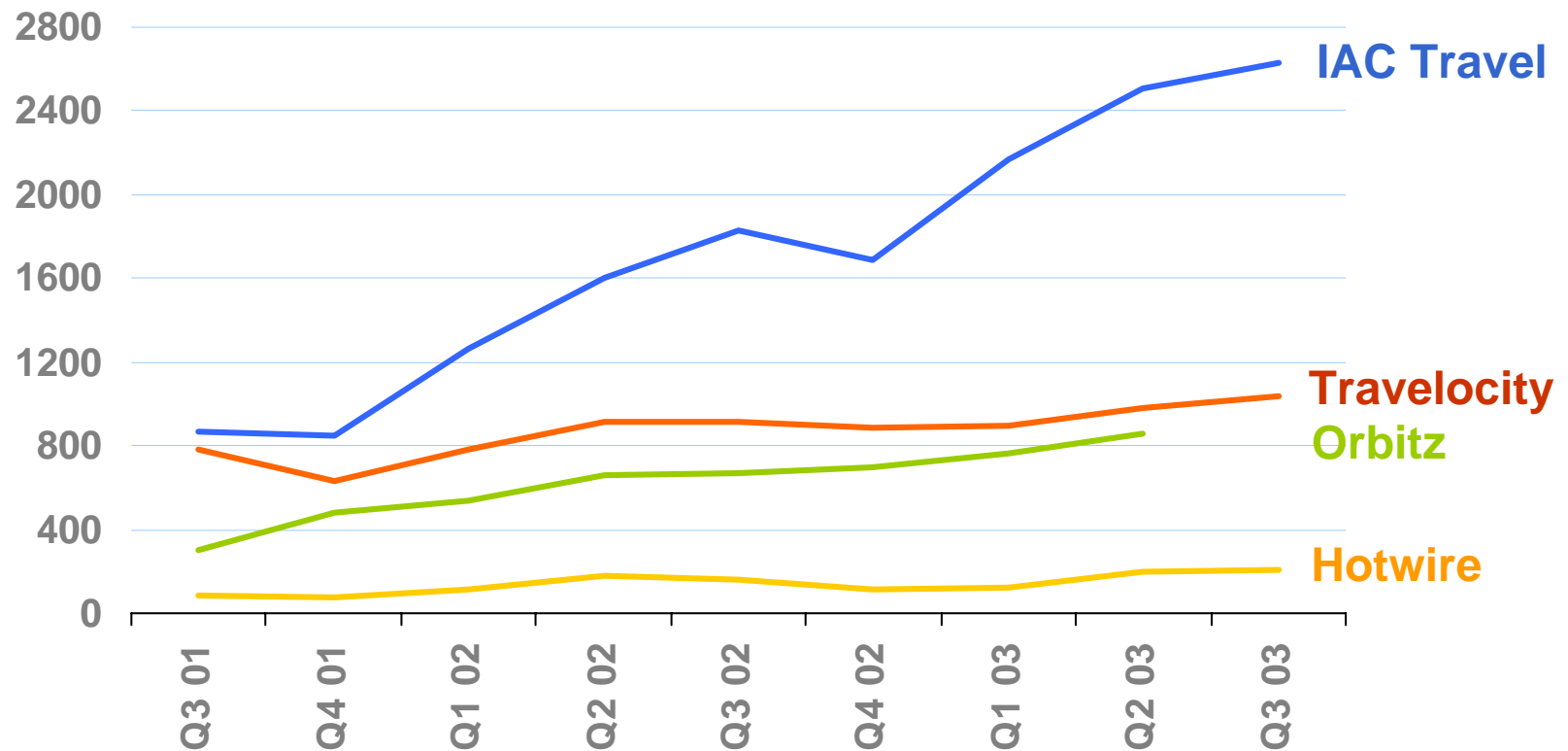
US Market Segments



US Travel Brand Reach



US Travel Gross Bookings



Expedia.com



Expedia.com

Don't just travel. Travel Right.

 **Expedia.com** [Holiday hotel sale: Save up to 25% this winter](#)

[home](#) [flights](#) [hotels](#) [cars](#) [vacation packages](#) [cruises](#) [deals](#) [destinations & interests](#) [maps](#) [corporate travel](#)

[Site Map](#) | [My Trips](#) | [My Profile](#) | [Customer Support](#)

Welcome, Marjorie.
[Sign in](#) - [Sign up](#) - [Sign out](#)
[Expedia international sites](#)

 "The Heart of Hawaii" An Oahu Vacation

 **Ski Sale:** Save up to **25%**

TRAVELER TOOLS

- [Travel Alerts](#)
- [Flight Status](#)
- [Airport Information](#)
- [Get deals via e-mail](#)
- [Currency Converter](#)
- [Driving Directions](#)
- [Weather](#)
- [Passport Information](#)

BUILD YOUR OWN TRIP

 ☒ Flight only
 ☐ Hotel only
 ☐ Car only

☐ Flight + Hotel
☐ Flight + Hotel + Car
☐ Hotel + Car

 **Book together and save!**

Departing from: Depart: 

Going to: Return: 

Adults: (age 19-64) Seniors: (65+) Children: (0-18)

More flight search options: [One-way trips](#), [multiple destinations...](#)

BOOK NOW AND SAVE



- [Hotel sale: Save with great hotel rates in top cities from \\$29](#)
- [Las Vegas sale: Save up to 30% on hotels. Rates from \\$29](#)
- [Play in the Arizona sun: Great resort hotels starting at \\$119](#)
- [Book early and save in Mexico: 4-night trips starting at \\$406](#)
- [Save up to \\$100 on Royal Caribbean cruises this winter](#)

NEW ON EXPEDIA

TODAY'S DEALS

- [Hotel deals from \\$29](#)
- [Ski deals from \\$97](#)
- [Vegas rates from \\$29](#)
- [NYC hotels from \\$69](#)
- [Cruise deals: Book now](#)

DESTINATION DEALS

- [Caribbean](#) [New York](#)
- [Las Vegas](#) [Europe](#)
- [San Fran](#) [Orlando](#)
- [More...](#)

TOP SPONSORS

- [Avis: \\$27/day compact](#)
- [MGM MIRAGE - Las Vegas](#)
- [European Rail Passes](#)

CUSTOMER SUPPORT

- [Privacy and security](#)
- [Credit Card Guarantee](#)
- [Agents on call 24 hrs.](#)
- [New to the site?](#)

SPECIAL INTERESTS

- [Beach Travel](#)
- [Golf Travel](#)

Consumer Proposition

- "The Whole Trip"
- Unique Inventory
 - Dynamic Packages
 - Ticketmaster inclusions
- Service Quality
 - ACSI leader, BBB winner

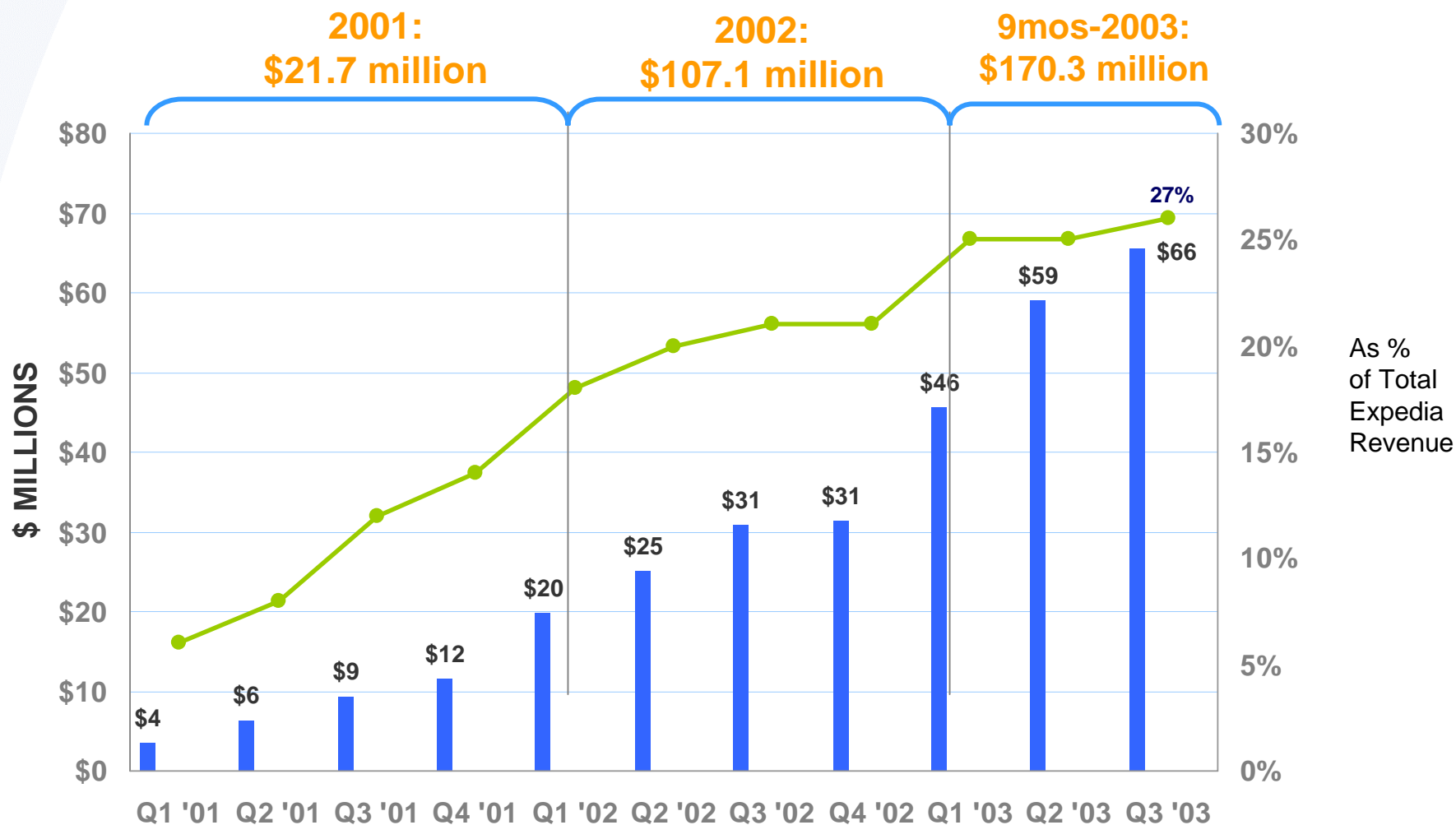
Supplier Proposition

- Brand-agnostic shoppers
- "Billboard" effect

Opportunities

- Packages only 27% rev.
- Destination Services
- Cruise just launched

Expedia.com Packages Revenue



Expedia.com Marketing

TELEVISION



Expedia.com URL

PRINT



RADIO NEWSPAPER

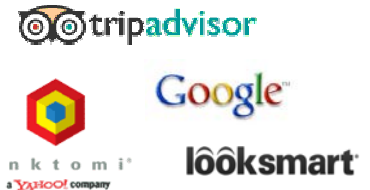
OUT-OF-HOME



Search & Online Advertising



SEARCH ENGINE DISTRIBUTION



ONLINE BANNERS & POP-UNDERS



Online Partnerships & Affiliates

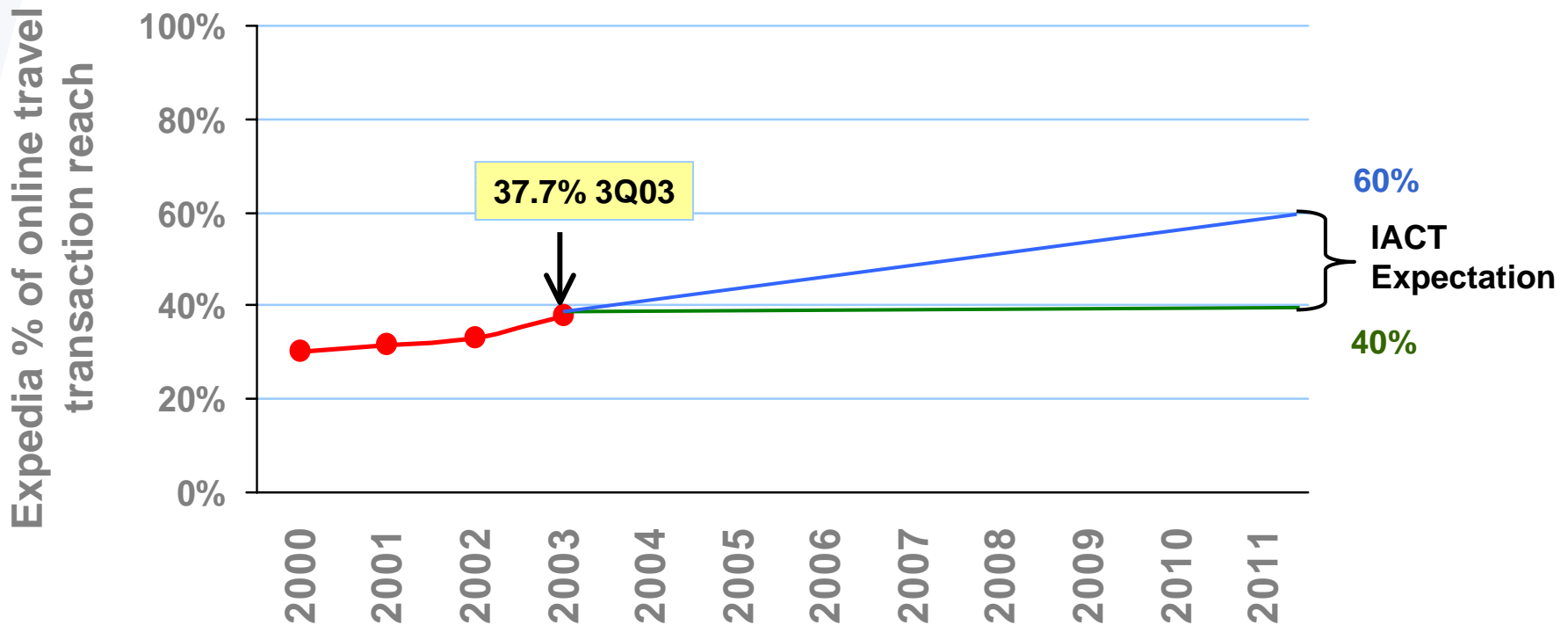
PARTNERSHIPS & AFFILIATES

20,000+ AFFILIATES



Email

Expedia Penetration: Online Travel Transaction Reach



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

Hotels.com

hotels.com
BEST PRICES, BEST PLACES. GUARANTEED.™

Welcome to **hotels.com**

View Reservations | Customer Care | Sign In | Register

Bookmark this Page | Currency Converter

Top Cities: **New York, Las Vegas**

FEATURED DEAL
Fall's Best Deals
Up to 25% Off Our Already Low Rates!

OUR PARTNERS
Alamo [Need a great deal on a rental car?](#)
Travel Agents

BOOK ONLINE OR CALL
800 2-HOTELS
(800-246-8357)
Europe: 00800.1066.1066
Vacation Rentals: 800.617.8496

BEST DEALS E-MAIL
Sign-up for our e-mail newsletter.
 GO!
[Need to unsubscribe?](#)

hotels **hotel + air = SAVE** **hotel + air + car = SAVE**

1. Select a Destination
☐ New York ☐ Las Vegas ☐ Orlando ☐ Chicago ☐ New Orleans
☐ Atlanta ☐ London ☐ Paris ☐ Dallas ☐ San Francisco
☐ Boston ☐ Los Angeles ☐ San Diego ☐ Miami ☐ Washington DC
☒ Enter a city [More cities](#)

2. Select your Dates
Arrival Date: November 24 Departure Date: November 26

3. Number of Rooms & Guests
Rooms: 1 Adults: 2 Children: 0 **GO!**

LOWEST RATES... GUARANTEED!

Special Offers & Last Minute Deals
We're constantly looking for incredible offers and deals for you on hotels, vacation rentals, and vacation packages. Take a look.

Golf Vacations - Save Now!
Book your golf trip and get guaranteed tee times from hotels.com!


eBags Special Offer!
Save up to 50% at eBags!

Services & Customer Care
[Add your Hotel](#) [Travel Gift Certificates](#)
[Group Travel](#) [Travel Agents](#)



- **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



BEST PRICES, BEST PLACES. GUARANTEED.™

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hotels

suites & vacation rentals

vacation packages

deals & specials

destinations & interests

[Vacation Packages](#) [Flights](#) [Cars](#)

[Package Sign In](#) | [Package Trips](#) | [Package Profile](#) | [Package Customer Support](#)

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: hotels.com's top destinations or [Select from over 610 destinations](#)

Departing: (MM/DD/YY)  Anytime

Returning: (MM/DD/YY)  Anytime ☐ I only need a hotel for part of my trip

4 Who is going on this trip?

Rooms: 1

Adults: (age 19 to 64) 2

Seniors: (age 65+) 0

Children: (age 0 to 18) 0

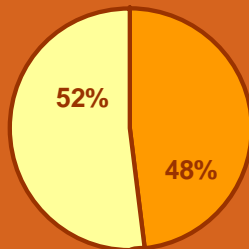
CUSTOMER SUPPORT

- 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

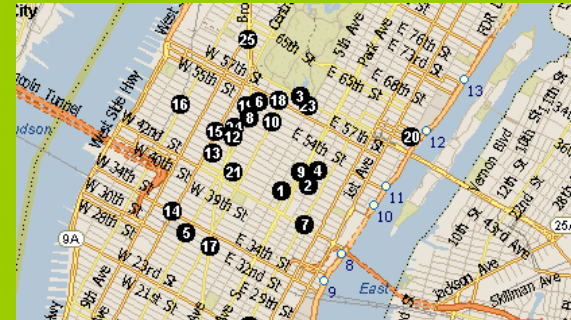
BRANDED
HOTELS



INDEPENDENT
HOTELS

SOURCE: Smith Travel Research

FIERCE COMPETITION



COSTLY TRADITIONAL MARKETING

Quick, name the best otel in New York.

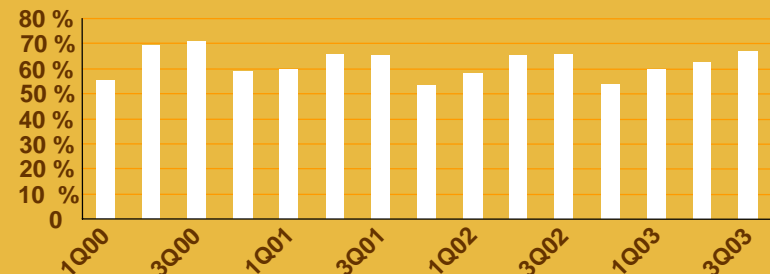
That's right, no "h" - and no headaches either. We're not New York's most expensive hotel, but our clients tell us we're the best. Our warm hospitality and attention to detail have earned us repeat business that's way above average. We're Novotel. Right in the Theater District, five minutes from the Rockefeller Center business complex.

226 West 52nd Street (at Broadway),
New York, NY 10019
Phone: (212) 319-0100
RESERVE: 1-800-221-4542

novotel

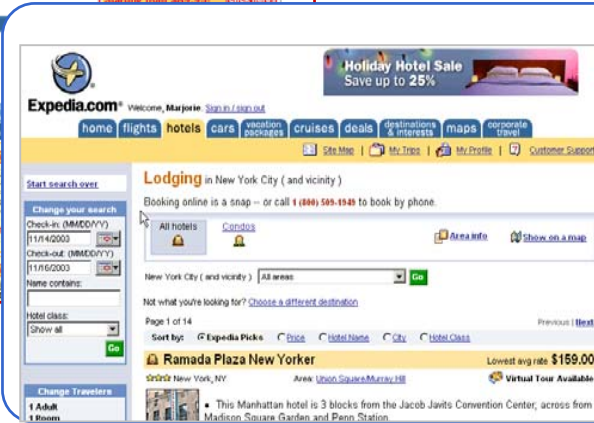
30%+ ROOMS UNSOLD

QUARTERLY OCCUPANCY RATES %



The IAC Merchant Hotel Business

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



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

Hotel's Potential
New Customers
Want Choice

Travelers



Loyal Customers
Shop Direct

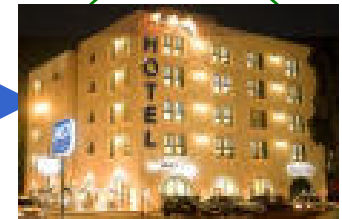
Hotel Direct

50% of
conversion
books direct

87% First Time
Customers

Direct Bookings

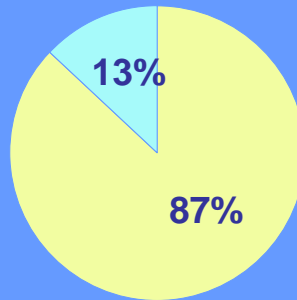
Hotel



Merchant Hotel Proposition

\$0.00

**ZERO
UPFRONT
COST**



**87% FIRST TIME
CUSTOMERS**

1:1

**50%
DIRECT vs.
INDIRECT**

BOOKINGS **\$200.00**
MARGIN % **25%**
= COST **\$50.00**

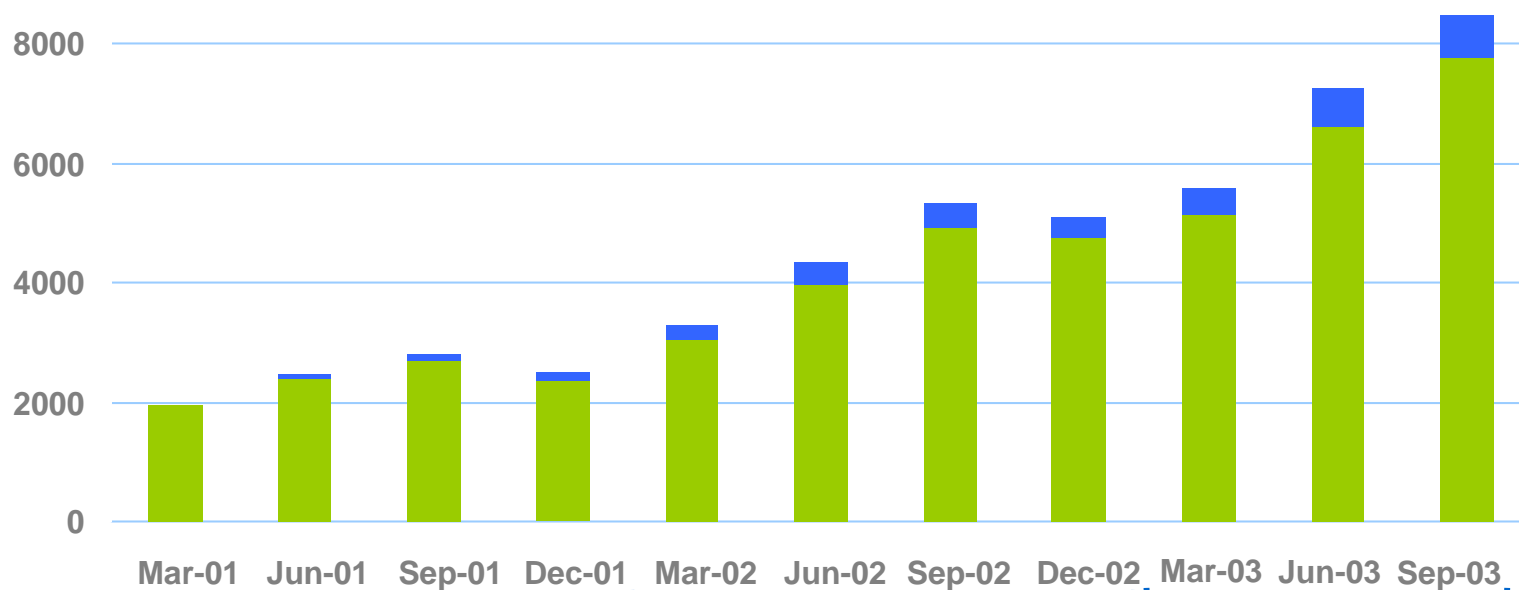
BOOKINGS **\$400.00**

COST **\$50.00**
= MARGIN% **12.5%**

CREDIT CARD FEE **(2%)**
= MARGIN% **10.5%**

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**

Hotwire.com



Hotwire.com
Fly. Sleep. Drive. Cheap.

Hawaii Vacation Packages: [Sun, Sand and Savings!](#)

Welcome to Hotwire!
(To create a Hotwire Account, [click here.](#)) [My Account](#) [Customer Care](#)

[Home](#) [Flights](#) [Hotels](#) [Car Rentals](#) [Packages](#) [Weekender](#) [Cruises](#) [Deals & Destinations](#)

Save on Short Notice
Great rates on last-minute trips this fall.
[Book today!](#)

NEW Customers
Did you know many Hotwire rates are a fraction of published prices? [Find out how we do it.](#) Then read what [customers are saying.](#)

Deals By Email
Don't miss upcoming deals that match your exact travel interests.
Get our next mailing
[Sign up today!](#)

[Customer Care](#)

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☐ Flights ☒ Hotels ☐ Cars ☐ Cruises

Or SAVE MORE with a Package!

☐ Flight+Hotel+Car ☐ Flight+Hotel ☐ Hotel+Car

[Weekender Deals: Last Minute Packages](#)

City: [find a city name](#)

Check-in: Check-out:

Same-day reservations allowed

No. of Rooms:

START

This Week's Best Deals

[Deep discounts on last-minute airfare](#)
[Hawaii 2-star hotel from \\$55](#)
[NYC hotels from \\$75](#)
[San Francisco hotels from \\$37](#)
[Car rentals as low as \\$18.95/day](#)
[See more deals...](#)

Bargain Travel Ideas

[Hawaii Packages](#) [Miami](#)
[Budget Travel](#) [New York City](#)
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[Family Vacations](#) [Last-Minute Trips](#)
[Chicago](#) [Top Sellers](#)
[Los Angeles](#)

Hawaii Hotel Deals

[Flights](#)
[Airfare: last-minute discounts](#)
[Coast-to-coast flight deals](#)
[Last-minute vacation packages](#)

- **Consumer Proposition**

- Trade Info for Savings
- No Bid = No Overpay

- **Supplier Proposition**

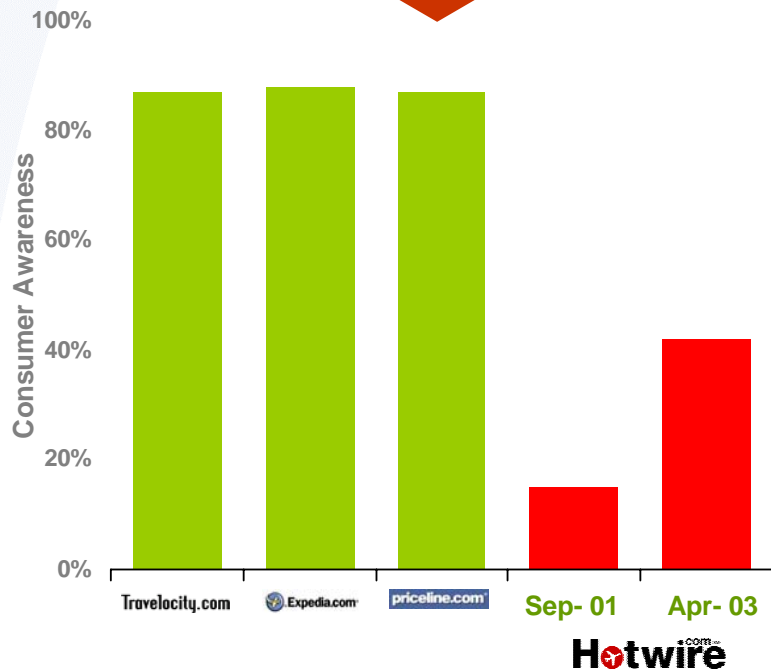
- Incremental business
- Completely opaque
- Low overhead

- **Opportunities**

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

Hotwire Trends

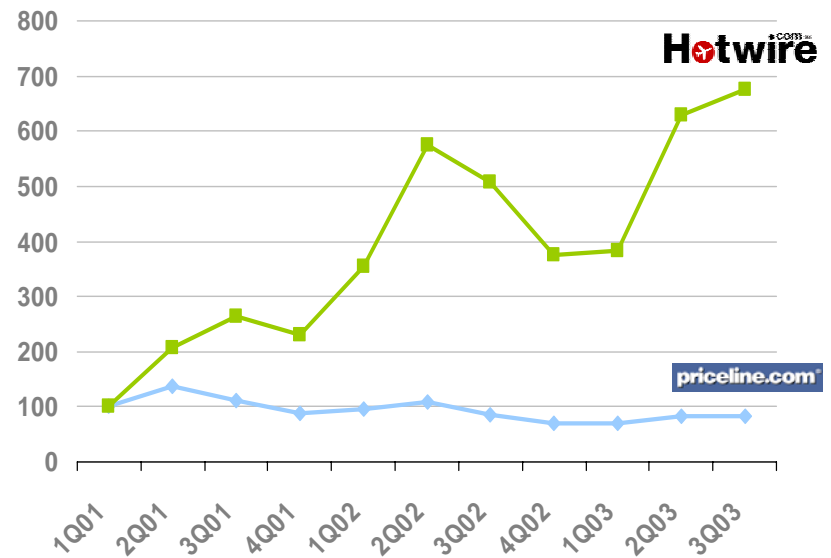
Growing Consumer Awareness



Growth Comparison



Index: Gross Bookings



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

Classic Custom Vacations



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



welcome

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



Register for our Hot Deals Emails



Find Your Travel Agent

Contact Us

[Hawaii Things to Do & See](#)

[About Classic Custom Vacations](#) | © 1998-2003 Classic Custom Vacations

- **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

Interval International



interval world

[NEW USER REGISTRATION](#) [RESORT DIRECTORY](#) [VISITOR'S TOUR](#)

[about interval](#) [DMCA notice](#) [privacy policy](#) [contact us](#) [help](#)

Resort Directory

[English](#) | [Español](#)

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.

Resort Search

Finding resorts on IntervalWorld.com is easy! Just select a region from the map, the links below, or the drop-down menu at right, to display a complete list of vacation areas.

Or if you prefer, use [Advanced Search](#) to find resorts by name, code, your interests, or even participation in Interval's Golf Resort program.

Please note that Interval has additional member resorts that are not included in the resort directory.

Please select a region.

- **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

Expedia Corporate Travel



The screenshot shows the Expedia Corporate Travel website. At the top is the Expedia logo and the text "Expedia.com® Welcome - Already a member? [Sign in](#)". Below this is a navigation bar with links: home, flights, hotels, cars, vacation packages, cruises, deals, destinations & interests, maps, and corporate travel. A secondary navigation bar includes Site Map, My Trips, My Profile, and Customer Support.

The main heading is "Welcome Aboard!" followed by the text "Enjoy the flight to a **better** way of managing your business travel!". Below this are three columns:

- Cost Savings:** Image of hands holding cash. Text: "Reduce your costs and save time booking, tracking, and managing your company's travel. [More...](#)"
- Full Service:** Image of a smiling woman in a headset. Text: "Enjoy the advantage of 24x7 Corporate Travel Agents, Executive Services, Account Management and [more...](#)"
- Benefits:** Image of two men in business attire. Text: "Empower your travel program with easy online booking, managed policy controls, and online reports. [More...](#)"

On the right side, there is a section titled "With **Expedia Corporate Travel**, you receive world class travel agents dedicated to your business and leading-edge technology in one easy-to-use solution." followed by "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."

Below the columns is a box with the text: "Travelers! Has **your company** already signed up with Expedia Corporate Travel? [→ Sign in to your individual account here](#)"

At the bottom left, there is a box with the text: "→ [Contact a sales representative](#) Or call 1-866-328-0110" and "Travel Decision Makers → [Enroll your company today!](#)"

At the bottom right, there is a box titled "Value and service customers appreciate:" with the text: "Expedia Corporate Travel is the perfect solution for our business - the ease and convenience of booking online, supported by a full-service agency"

At the very bottom, there is a section titled "Unique Advantages for your Travel Program:" with the bullet point: "▪ [Save up to 80%](#) on transaction fees vs. a traditional agency and on average

- **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

Expedia Corporate Travel Proposition

	Traditional Corporate Agency	Expedia Business Travelers	Projected Savings 50% online adoption
Ticket price	\$501	\$388	\$113
Annual air spend	\$1,000,000	\$819,209	\$180,791
Agency transaction fee	\$31**	\$5 online \$20 offline ⁴	\$26 online \$11 offline
Projected annual fees	\$61,876	\$24,950	\$36,926
Total savings			\$217,717 21%

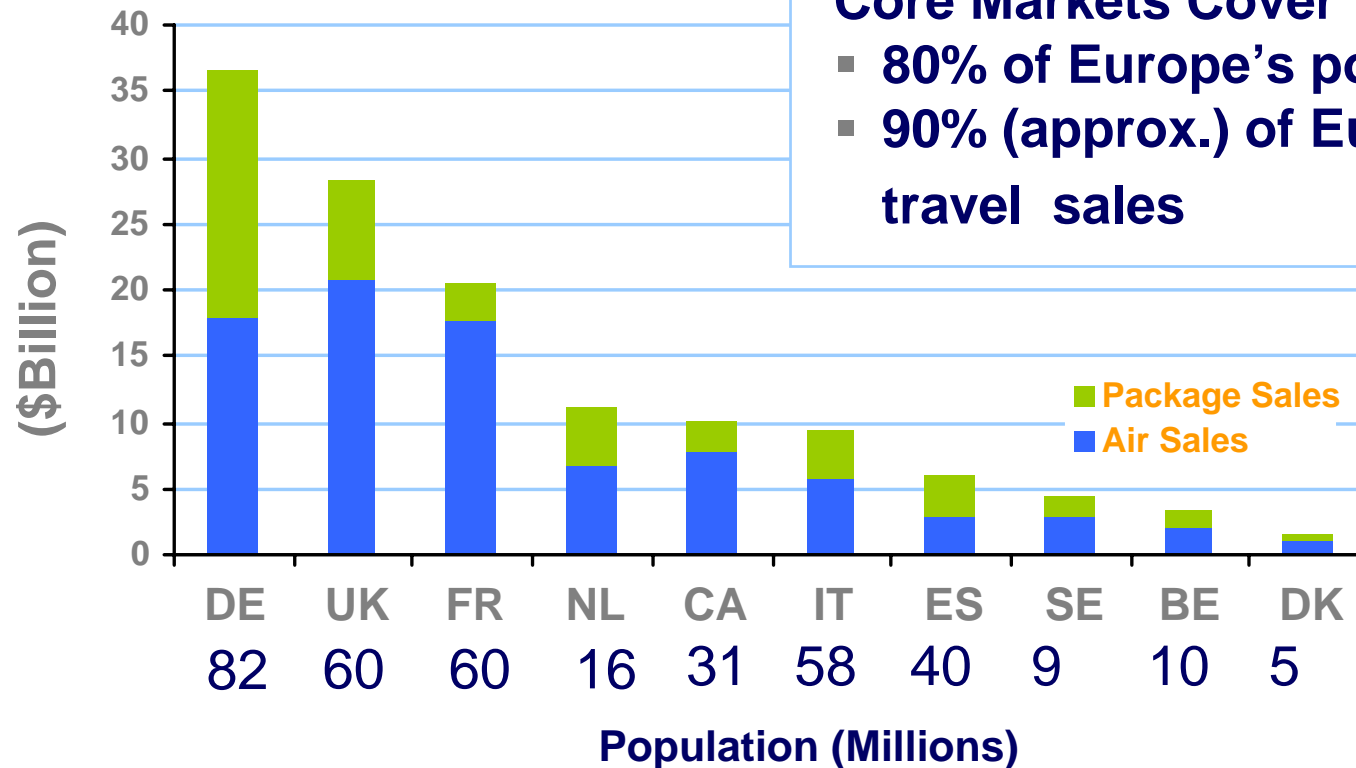
- **Company with \$1M annual air spend adopts ECT**
- **New spend for same travel: \$782,283**
- **Total savings: \$217,717, or 21%**

Current Markets Outside U.S.



Core Markets Cover

- 80% of Europe's population
- 90% (approx.) of Europe's travel sales



IAC Travel Europe

UK



Germany



France

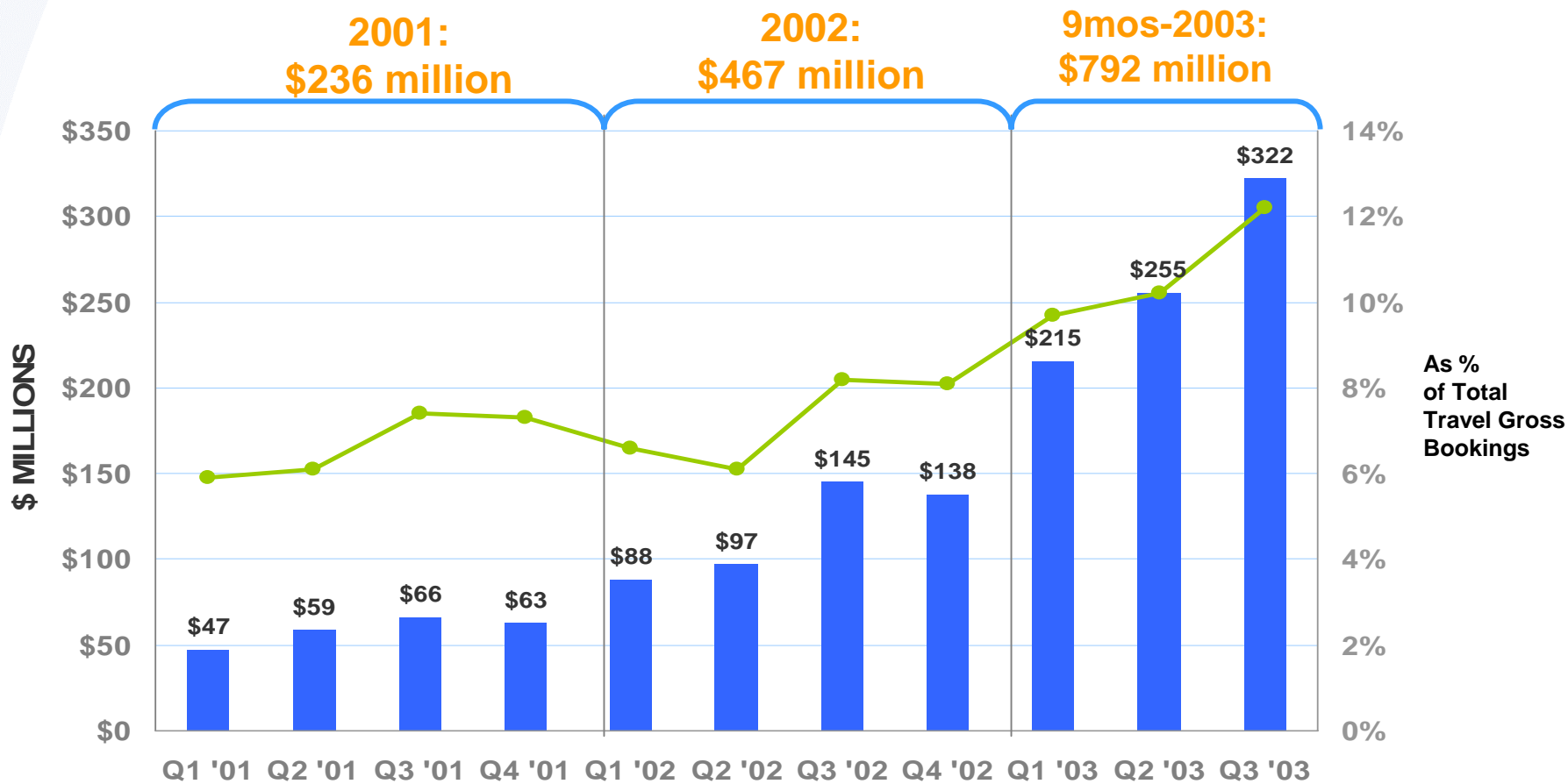


U. K.

GERMANY

FRANCE

IAC Travel International Gross Bookings



Private Label



The screenshot shows the Radisson website interface. At the top, there's a navigation bar with links like 'Make a Reservation', 'Change a Reservation', 'Destinations & Activities', and 'Contact Us'. Below this, there's a section titled 'Featured Radisson Vacations Destinations' with dropdown menus for various regions: International (London), Central U.S. (Chicago), Canada/Mexico/Central America (Niagara Falls), Eastern U.S. (New York City), Caribbean/Hawaii (Kauai), and Western U.S. (San Francisco). Each dropdown has a 'Go' button. Below this is a search section titled 'Search for package deals at any Radisson Vacations destination' with an 'Express Search' form. The form includes radio buttons for 'Packages', 'Flights', and 'Cars', and a dropdown for 'What type of package do you need?' set to 'Flight and hotel'. It also has fields for 'Departing from', 'Depart' (date and time), 'Going to', 'Return' (date and time), 'Adults (age 12 to 61)', 'Seniors (age 62+)', and 'Children (under 12)', each with a corresponding dropdown or input field. A 'Search' button is at the bottom right of the form.

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

Grow Expedia.com packages to 50% of Expedia revenue

Generate 50% of revenue from outside of US

Continue disciplined entry to corporate travel market

IAC/Travel

Round Up



Expedia.com
Don't just travel. Travel Right.™



IAC/Travel

Q&A