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PHOCUSWRIGHT CONFERENCE  
Executive Interview: One-on-One with Expedia

INTERVIEW OF DARA KHOSROSHAHI, PRESIDENT  
AND CEO, EXPEDIA, INC.

BY: LORRAINE SILEO, SENIOR VICE PRESIDENT,  
RESEARCH, PHOCUSWRIGHT, INC.

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Reported By: Doreen Fox Krenchicki  
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1                    Interview of DARA KHOSROSHAHI held at  
2                    Diplomat Resort & Spa, Theater of the Great Hall,  
3                    3555 South Ocean Drive, Hollywood, Florida 33019.  
4                    Conducted by Lorraine Sileo and stenographically  
5                    transcribed by Doreen Fox Krenchicki, CCR, CM, RPR, CRR

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1                   MS. SILEO: Before we start getting  
2 into our conversation, we just watched a  
3 beautiful video.

4                   What's the role of OTA, the role of  
5 Expedia at the top of that funnel,  
6 inspiration phase?

7                   MR. KHOSROWSHAHI: We've been very  
8 much involved. We've been partners with  
9 Brand USA for some period of time. I've been  
10 involved with the U.S. Travel Association.

11                   Part of the goal of that association  
12 was to really market the United States as a  
13 destination much more effectively.

14                   You know, the U.S. is incredible as  
15 far as the breadth and depth of choices that  
16 you've got and we thought that featuring the  
17 national parks was, you know, a golden  
18 opportunity.

19                   So we're sponsoring the film, we  
20 partnered up with Brand USA. They led, they  
21 led the initiative to build it.

22                   Listen, we think the U.S. is a great product.  
23 We built our brands internationally to the  
24 extent that we can help get foreign travelers  
25 to the U.S. We think it's a great

1 destination and obviously we would be doing  
2 something for the domestic economy, which is  
3 great.

4 MS. SILEO: Nicely done.

5 MR. KHOSROWSHAHI: Thank you.

6 MS. SILEO: And what else is nicely  
7 done, the past 12 months for Expedia.

8 MR. KHOSROWSHAHI: It's been a busy  
9 12 months.

10 MS. SILEO: So first we had the  
11 Travelocity acquisition, the Orbitz  
12 acquisition, and then the announcement of  
13 HomeAway.

14 MR. KHOSROWSHAHI: You forgot Wotif.

15 MS. SILEO: And Wotif is in the past  
16 12 months as well.

17 So, going to the U.S., what made you  
18 decide this was the time -- even if you  
19 didn't acquire Orbitz and your competitor  
20 did, you would still have the largest market  
21 share in the U.S. So what made you decide it  
22 was time to take out Travelocity and Orbitz?

23 MR. KHOSROWSHAHI: I think that it  
24 was an opportunity that we found in having  
25 invested in and built up this technology

1 back-end and technology platform for Brand  
2 Expedia.

3           You know, we had a problem as a company  
4 five -- five, six years ago where we were a  
5 technology company with crappy technology and  
6 we had to really reinvest in our tech. We --  
7 I think the amount that we spent on  
8 technology now is 750 million, it's quadruple  
9 where it was, you know, four or five years  
10 ago.

11           We built this terrific platform,  
12 hired these incredibly talented engineers and  
13 product folks, and we thought we built the  
14 platform in a way in which we could take  
15 multiple brands and put them essentially on  
16 top of that platform with some customization,  
17 branding, et cetera; some custom --  
18 customization around sort and different  
19 loyalty campaigns so that the customer gets a  
20 different experience.

21           Pricing can be different, sort can be  
22 different, et cetera, but you don't need to  
23 have all these different platforms and  
24 double, triple spend on technology.

25           So it was an opportunistic --

1 opportunistic acquisition. One of them  
2 worked, so we thought, well, if that one  
3 worked, maybe another one will work as well.

4 MS. SILEO: But there still had to be  
5 a lot of work integrating, obviously these two OTA's, especially  
6 Orbitz. What is the process?

7 MR. KHOSROWSHAHI: Huge amount of work. Well, we're, we're  
8 at the beginning now. We closed Orbitz  
9 fairly recently. We are -- we have made a  
10 decision to put Orbitz.com and CheapTickets  
11 on to the Brand Expedia platform, although  
12 the experience will be different. Orbitz  
13 will have that Orbucks loyalty program which  
14 is super innovative, et cetera. And then  
15 there are other parts of Orbitz; Orbitz For  
16 Business, for example, will go into Egencia, that's going  
17 to take longer.

18 Orbitz had built a terrific business  
19 in powering sites like American Express  
20 travel on the leisure side. That's a piece  
21 of the business that, based on what we've  
22 seen in Orbitz, super interesting business,  
23 terrific technology, really good team, that's  
24 an area where, you know, we're going to lead

1 into and hopefully build on what Orbitz did.

2 So it's a little bit different from  
3 Travelocity, which was Travelocity was a bit  
4 of a lift-and-shift, Orbitz is more the two  
5 companies coming together and picking the  
6 best of breed and there are definitely parts  
7 where Orbitz was best of breed.

8 MS. SILEO: You'll maintain, you say, the Orbitz for  
9 Business brand for a while?

10 MR. KHOSROSHAHI: I don't think  
11 we'll maintain the brand, but you can bet  
12 that we're going to maintain that technology  
13 team, and that technology team is going to,  
14 you know, really add to our platforms going  
15 forward. And we're going to really invest  
16 behind those partners.

17 MS. SILEO: What about the other  
18 Orbitz brands? You going to maintain the CheapTickets - the  
19 ebookers?

20 MR. KHOSROSHAHI: We will maintain  
21 the brands and we will try to leverage  
22 technology as much as we can. That's usually  
23 the design behind that kind of an  
24 acquisition.

25 MS. SILEO: I know you said to Thooz  
26 recently, if there's a high

1 watermark, we haven't hit it.

2 MR. KHOSROSHAHI: I'm sorry?

3 MS. SILEO: You had said to Tnooz

4 recently, if there's a high

5 watermark, we haven't hit it.

6 MR. KHOSROSHAHI: No. No, listen, we're --

7 we are constantly improving and optimizing as

8 a company.

9 And I said it after an earnings call,

10 there's no one at Expedia who's sitting

11 comfortably in their chairs, including myself

12 here.

13 You know, this is a business that's

14 moving very quickly. The minute you stumble,

15 someone is going to catch up to you and

16 they'll take advantage of your weaknesses in

17 a second.

18 So we've got to keep moving and keep

19 innovating and hopefully we can continue to

20 be one of the leaders in the field.

21 MS. SILEO: So how does the Orbitz

22 acquisition change your product mix?

23 MR. KHOSROSHAHI: I think that

24 certainly domestic becomes a bigger part of

25 our business.



1           One of our stated goals -- about 55  
2 percent of our business is U.S. based. We  
3 wanted to make that -- we want the  
4 international business to be about two thirds  
5 of our business, which marries the overall  
6 travel pie. The U.S. is going to get even bigger.

7           Now, we got lucky because the U.S.  
8 economy is super, super strong and it's a  
9 really good time to be invested in the U.S.  
10 at this point. So I think it's certainly  
11 going to increase our U.S. mix. It's going  
12 to increase our air mix -- which used to be a  
13 bad thing -- we like that, and then we are going  
14 to use some of those profits that we get from  
15 the Orbitz acquisition to reinvest very  
16 aggressively in global expansion.

17           MS. SILEO: Two things you said.  
18 We'll get into the international piece, but  
19 also about increasing your air mix, you like it.

20           MR. KHOSROSHAHI: Yes.

21           MS. SILEO: You wouldn't have liked  
22 it three years ago, you like it now. Why is  
23 that?

24           MR. KHOSROSHAHI: Well, we like to  
25 allocate capital where others don't. And

1 based really on the incredible success of  
2 Booking.com and TripAdvisor, you've had the  
3 vast majority of the capital in the online  
4 travel space go to the hotel business. Much  
5 higher margins, et cetera.

6 The air business was always seen as  
7 kind of a crappy, complicated business that  
8 no one invested in. We kind of thought that  
9 we could bring scale to what was a crappy,  
10 complicated business, really start innovating  
11 on product, and take leadership on air  
12 because, to the extent that we can sell that  
13 air ticket, we can market lots and lots of  
14 other things in the market to that consumer --

15 MS. SILEO: So, the attachment rate --

16 MR. KHOSROSHAHI: Absolutely. The  
17 attachment rate, for us, has gone up.

18 And when we think of our air product,  
19 if you think about how we sold air three or  
20 four years ago, it was price and schedule.  
21 But there's so much more about air that  
22 people are interested in. Do I have WiFi, et  
23 cetera. Now we've got Routehappy ratings  
24 there. You know, you can put pictures. We  
25 have realtime reviews now. You know, how did



1 a pretty high frequency purchase. And one of  
2 the problems that all of the travel companies  
3 have with their apps is that the most  
4 successful apps in the world are the ones  
5 that have very high frequency use cases;  
6 messaging apps, et cetera.

7 Travel is an infrequent purchase and,  
8 therefore, the more we can start delivery to  
9 consumers, the more frequency they have with  
10 their apps, the more sticky they are, the  
11 more they repeat, et cetera.

12 So rail is about attach and about  
13 frequency, and again, it's another  
14 opportunity. We've partnered with  
15 SilverRail, which is a terrific company. And  
16 we just don't see that many people investing  
17 in rail, so we'll do it.

18 MS. SILEO: So the other thing you  
19 mentioned, and I remember Expedia saying at  
20 one point, oh, if we were 50 percent -- this  
21 is years before you were there. 50  
22 percent --

23 MR. KHOSROWSHAHI: We were stuck on  
24 that 50 for a while.

25 MS. SILEO: Right. 50 corporate, 50

1 leisure, which I don't think has really  
2 happened, but that's okay because your  
3 leisure market got so big. But let's go back  
4 to the 50 international versus domestic.

5 Now, you've made some moves, right,  
6 so you divested eLong.

7 MR. KHOSROWSHAHI: Yes.

8 MS. SILEO: Okay. You've increased  
9 your partnership with Air Asia, acquired  
10 Wotif.

11 MR. KHOSROWSHAHI: Um-hum.

12 MS. SILEO: So how has that shifted  
13 your Asia strategy? Now what do you plan to  
14 do in Asia and China specifically?

15 MR. KHOSROWSHAHI: I think Asia is  
16 going to be largely organic as far as the  
17 strategy from here. We've got the Expedia  
18 brand and the Expedia brand has gotten much  
19 stronger with the Air Asia joint venture. We  
20 really radically accelerated the growth of  
21 Expedia in the APAC region through that joint  
22 venture.

23 MS. SILEO: What made you decide to  
24 get out of the eLong business?

25 MR. KHOSROWSHAHI: Because it was just

1 too tough to compete in China for the  
2 domestic Chinese traveler.

3 Now, we made money, we did fine. We  
4 weren't looking to get out. But the  
5 competition in China became price destructive  
6 and when you're sitting in a room and looking  
7 at your product versus a competitor product  
8 and feeling like they know more about the  
9 market than you do, because they're locals,  
10 you know, that's not a good sign. That's not  
11 a comfortable place to be.

12 So we are -- you know, we took a  
13 realistic assessment of the situation. We  
14 weren't going to make money on the domestic  
15 Chinese traveler. We got a very fair price  
16 for that asset. And now we're focused on the  
17 outbound Chinese travelers, so we're  
18 partnering up with Ctrip and Qunar and a  
19 number of other folks to power packages, merchant hotels.

20 And actually we just launched  
21 Expedia, a hotel-only Expedia site, for  
22 example, in China as well.

23 So step by step by step, we're going  
24 to reinvest and I think it will be a good,

1 aggressive, organic growth plan for us.

2 (Various people talking at the same  
3 time.)

4 AUDIENCE MEMBER [Mark Mahaney, RBC]: I know you've had a  
5 presence in business travel for a long time  
6 with Egencia. You just made a comment about  
7 allocating capital where people aren't.

8 MR. KHOSROWSHAHI: Yeah.

9 AUDIENCE MEMBER: It seems like  
10 there's a lot more capital innovation that's  
11 gone to consumer travel over the last five  
12 years, so I guess the question to you is how  
13 do you think about the business travel  
14 opportunity for Expedia over the next five  
15 years? This may be a great place for a new  
16 area of growth. I know you're already there,  
17 but if you want to be a contrarian about  
18 this.

19 MR. KHOSROWSHAHI: Yeah, we  
20 absolutely love the Egencia business and we  
21 want to invest more capital behind Egencia.  
22 The -- I think Egencia is the only true  
23 technology company in business travel. They  
24 are to their core, they're putting together  
25 technology and they're putting together

1 service, and they're building an end-to-end  
2 platform.

3           You know, I look at it as the  
4 difference between a Mac where, you know,  
5 they're building the hardware, the software,  
6 the operating systems. They're in charge of  
7 the chips. If you look at the other  
8 corporate players, they're putting various  
9 levels. There's a different corporate  
10 booking tool and then service comes from  
11 someone else. And you lose quality there  
12 when you've got different players there.

13           So it's a single vertical stack.  
14 We've invested in it very aggressively,  
15 organically, and every two to three years  
16 you'll see us go buy another player. We  
17 bought a company VIA Nordics. We bought  
18 Orbitz For Business. And I think in a couple  
19 more years you'll see us buy another player  
20 and integrate it in, et cetera.

21           The pacing behind Egencia, the only  
22 limit in Egencia is our ability to integrate.  
23 Because, the one thing that we do is we  
24 build a platform that's incredibly strong on  
25 customer service, very cheap, and if you



1 don't integrate you lose that scale. So we  
2 are buying and integrating as fast as we can.  
3 And I think that business is going to be, you  
4 know, the top three corporate travel agency  
5 in a number of years.

6 MS. SILEO: So speaking of buying  
7 HomeAway.

8 MR. KHOSROSHAHI: Yes.

9 MS. SILEO: So what --

10 MR. KHOSROSHAHI: Marcello made a  
11 presentation to our board about that.

12 MS. SILEO: Yes. What did you think  
13 of that?

14 MR. KHOSROSHAHI: Very good.

15 MS. SILEO: And basically -- that was  
16 Airbnb.

17 MR. KHOSROSHAHI: Yes.

18 MS. SILEO: What did you  
19 learn from your HomeAway partnership?  
20 Because that didn't really seem to be going  
21 anywhere.

22 MR. KHOSROSHAHI: Listen, we learned  
23 that our customers are certainly interested  
24 in the, in the product based on the context  
25 of how they were traveling. So that's not

1 the kind of product, at least at this point,  
2 that we would display for a single traveler  
3 who is traveling midweek. But if you had a  
4 person who is traveling to a resort  
5 destination, long stay and traveling with  
6 more than one person, that product actually  
7 performed very, very well.

8 And as Brian talked about, the key  
9 issue there is, when you're sharing economics  
10 with someone else, it becomes much more  
11 difficult to throw volume to the product  
12 where you're making cents on the dollar  
13 versus a dollar. And we make a dollar on the  
14 hotels.

15 So once we bring HomeAway in, as  
16 HomeAway brings most -- more of their product  
17 to be online bookable, we're quite confident,  
18 the data tells us that this product is going  
19 to work for us.

20 MS. SILEO: So, what you did at  
21 that point was kind of thinking about  
22 integrating it into your hotel product and  
23 you think that maybe that wasn't quite the  
24 right way to do it, that there's another way  
25 to integrate the HomeAway properties?

1                   MR. KHOSROWSHAHI: Listen, the most  
2                   important aspect of our buying HomeAway was  
3                   because we believe in the HomeAway product.  
4                   We believe in whole homes, we believe in  
5                   vacation rentals, and we believed in the  
6                   vision of that team of taking the business  
7                   from a listings business to transactional  
8                   business. And we think we can really, really  
9                   help there on the product and technology  
10                  side. That is -- that's what's going to make  
11                  that deal pay off for us.

12                  Then there's a bonus of increasing  
13                  our addressable market as far as our supply  
14                  goes.

15                  Everyone knows alternative  
16                  accommodations are a fact of life, and this  
17                  hugely increased amount of alternative  
18                  accommodations that we have so that we've got  
19                  the maximum addressable supply out there on a  
20                  global basis.

21                  MS. SILEO: So 1.2 million vacation  
22                  rentals, what's the plan of bringing those  
23                  online?

24                  MR. KHOSROWSHAHI: Well, the team is  
25                  bringing them online and making them online

1 bookable. And the target is --

2 MS. SILEO: And how long will that take --

3 MR. KHOSROWSHAHI: Well, the target  
4 is to make the majority of it online bookable  
5 by the end of the year. And then it's about  
6 driving the transactions online, because  
7 there are lots of ways in which the  
8 transactions can go around the system. If  
9 they go around the system, we don't monetize  
10 them. So you've got to create the incentive  
11 for transactions to happen through the  
12 platform. And certainly Airbnb has built  
13 that playbook for us, so I think we'll take a  
14 look at that playbook and adjust accordingly.

15 MS. SILEO: So I was going to ask, is  
16 it -- purchasing or the plan, intent to  
17 purchase HomeAway, was that a hedge against  
18 Booking or Airbnb or both? And which one do  
19 you worry about more?

20 MR. KHOSROWSHAHI: I worry about both  
21 of them, but I worry much more about Booking  
22 than Airbnb. Booking is -- they're an  
23 incredible competitor. You know, they're  
24 going right at the heart of our revenue.

25 I think Airbnb is going to be an

1 important product, but it's going to be a  
2 product. It's not kind of right at the heart  
3 of the lodging ecosystem, in my opinion.

4 Now, that alternative accommodation,  
5 it is an important product and we want to  
6 have that product available, which is why we  
7 made the HomeAway bet.

8 AUDIENCE MEMBER: Can I interrupt  
9 with a quick follow-up question from the  
10 floor?

11 You had said at a conference here two  
12 years ago that you thought Airbnb was really  
13 additive and not competitive.

14 Do you still think it's additive or  
15 are you getting a little bit more concerned  
16 about Airbnb?

17 MR. KHOSROWSHAHI: I think it is  
18 additive and competitive in that it is adding  
19 supply into destinations. Any time you add  
20 supply into a destination, you're going --  
21 your prices are going to come under pressure.  
22 And in general, Airbnb's are priced under,  
23 let's say, the hotel inventory out there. So  
24 I do think there will be revenue or ADR  
25 pressure over the next five years as supply

1 comes into the marketplace.

2 Any time you add supply in the  
3 marketplace, you take prices down, you  
4 actually boost demand. So I think there's  
5 going to be a generation of new travelers who  
6 travel more because of that inventory and  
7 it's going to be additive. So I think it will  
8 be a combination.

9 Now that we have alternative lodging  
10 available and addressable for us, we think in  
11 general it will be a good thing.

12 MS. SILEO: I wanted to ask, I mean,  
13 do you think that your hotel partners are  
14 going to start feeling threatened? You're  
15 bringing in all this new inventory. Do they  
16 kind of feel like they're struggling against  
17 the tide a bit?

18 MR. KHOSROVSHAHI: The inventory is  
19 there anyway. People are staying in those  
20 places anyway. So we're not bringing that  
21 stuff online. It's coming one way or the  
22 other.

23 And I think you can spend your time  
24 resisting change or resisting consumer  
25 trends, and the people who do that typically

1           lose share over a period of time. Or you can  
2           look at those trends and you can act based on  
3           those trends. It's here to stay. It's going  
4           to grow.

5                        You know, these alternative  
6           accommodations is where independent hotels  
7           were ten, 15 years ago. They weren't online,  
8           it wasn't standard fare, it was really hard  
9           to get information on them. So players like  
10          ourselves and Booking brought that stuff  
11          online, put pictures, reviews, all that  
12          stuff. And, you know, that really spurred  
13          part of the growth of independent hotels and  
14          I think the same thing is going to happen to  
15          alt lodging.

16                      MS. SILEO: So what's your advice for  
17          hotels?

18                      MR. KHOSROSHAHI: I'm sorry?

19                      MS. SILEO: What's your advice for  
20          hotels? I mean, part of the presentation --  
21          you mentioned Marcello's presentation and  
22          part of that was about the old grandpas who deny the impact of  
23          HomeAway and Airbnb.

24                      MR. KHOSROSHAHI: Yes.

25                      Well, I think it's, it's all devices, honestly. It's the  
26          amount of -- I do think that

1 where hotels can use technology more  
2 effectively is the in-hotel stay experience.  
3 You know, the -- I think that there's some  
4 focus on distribution, but the fact is that  
5 we are built for distribution. I think where  
6 hotels have an advantage is, is the  
7 in-destination stay; you know, checking  
8 people in automatically, being able to go  
9 into your room without a key, being able to  
10 check out automatically, being able to order  
11 room service.

12 MS. SILEO: HomeAway might head in  
13 that direction.

14 MR. KHOSROSHAHI: Absolutely.

15 And, by the way, HomeAway will do it,  
16 Airbnb will do it. I think hoteliers have to  
17 get there and I think it's a delightful  
18 experience for guests.

19 AUDIENCE MEMBER: We have a question  
20 from the audience.

21 AUDIENCE MEMBER: Hello Dara.

22 Do you think that personalization is  
23 the best way to increase retention and  
24 frequency?



1                   MR. KHOSROSHAHI: I think  
2                   personalization can absolutely work, but  
3                   personalization can complicate your product.  
4                   So I think the best way to increase retention  
5                   and frequency is to have a terrific service,  
6                   have the best prices, the best depth and  
7                   breadth of product out there.

8                   To the extent that you personalize --  
9                   we personalize in some ways. If you stay at  
10                  a certain hotel, we'll feature that hotel on  
11                  top of the sort, we'll adjust our sort based  
12                  on your past purchases, et cetera.

13                  I think that to personalize at a  
14                  deeper level of that creates very significant  
15                  product complexity, and we're not ready to go  
16                  yet to that level. But I do think over a  
17                  period of time, personalization is certainly  
18                  going to increase.

19                  AUDIENCE MEMBER: Dara, another question  
20                  from the floor.

21                  AUDIENCE MEMBER: Hi Dara, it's Mike Olson.

22                  Some others in the category are  
23                  moving beyond traditional travel bookings  
24                  into other peripheral categories and you guys

1 are doing that with alternative  
2 accommodations.

3 What's your take on restaurants and  
4 tours and attractions and the like?

5 MR. KHOSROVSHAHI: Well, restaurants  
6 we'll leave to our competitors. I think that  
7 that spot is covered. Unit economics are not  
8 great. Frequency is pretty good but unit  
9 economics are not great and that's gone. So  
10 we have zero interest in restaurants at this  
11 point.

12 Tours and activities is actually  
13 pretty interesting to us, and that is one of  
14 our fastest growing segments at this point.  
15 We do have, now when you go in market,  
16 you can order tours and activities online on  
17 your phone, and I think the most important  
18 step on tours and activities is the delivery  
19 mechanism for tours and activities. Right  
20 now you've got to print out vouchers and  
21 you've got to bring vouchers, et cetera.  
22 We've got to build that back-end technology  
23 so that the experience is much, much  
24 smoother, not just in search and purchase,  
25 but in redemption as well. And this is an

1 area that we're very, very excited about.

2 Again, we know you're flying into a  
3 market, we know that you may be taking a  
4 train into market. Our ability then to  
5 market that kind of in-stay activity is an  
6 advantage that we have versus some of our  
7 competition. So we're going to take that  
8 advantage.

9 MS. SILEO: Have you thought though, about  
10 looking at, (unintelligible) raising all this  
11 money and --

12 MR. KHOSROSHAHI: A lot of money.

13 MS. SILEO: Yeah, yeah. You've done  
14 it organically.

15 MR. KHOSROSHAHI: I think they've  
16 built a very, very good service and it's one  
17 of the last verticals out there that's  
18 of size. There's a lot of  
19 fragmentation and any time that there's a lot  
20 of fragmentation in the marketplace,  
21 distribution players can add a bunch of  
22 value. So clearly the investment reflected  
23 that potential value.

24 MS. SILEO: So someone asked Steve Hafner  
25 yesterday, of course, the question

1 about Expedia, joining the instant booking. And his  
2 answer was, ask Dara. So I'm asking Dara.

3 MR. KHOSROWSHAHI: I'd say ask Steve.

4 No. Listen, I think TripAdvisor is a  
5 super important partner for us, very  
6 important distribution mechanism for us. We  
7 didn't -- we weren't interested in the  
8 Instant Book product based on where it was a  
9 year or two ago.

10 The formula that we have for, for  
11 TripAdvisor and a number of other variable  
12 channels is that we make very little money on  
13 the first transaction and all of the money we  
14 make is through the lifetime value and the  
15 repeat that we're able to bring in  
16 as we acquire those new customers.

17 Well, the Instant Book product  
18 originally, you couldn't even see the  
19 branding as to whom you were actually  
20 transacting with.

21 The early -- the early kind of  
22 experience that I've seen that they're  
23 testing with Booking.com gives Booking.com  
24 much more significant branding, which I think  
25 makes it a better proposition and something

1 that we'll take a look at.

2 We're not religious about those.

3 We'll test and learn. But instant booking has  
4 changed a lot and that will cause us to take  
5 a second look.

6 MS. SILEO: So with -- so with  
7 Priceline owning Kayak, partnering with Trip,  
8 right, and Expedia owning Trivago and really  
9 partnering with Book on Google, because you  
10 are experimenting with their booking--

11 MR. KHOSROWSHAHI: Sure, and I think  
12 in those --

13 MS. SILEO: Are we starting to see  
14 kind of a divide in Meta among the two  
15 giant OTA's?

16 MR. KHOSROWSHAHI: I don't think so.  
17 I think listen, the Trivago experience, the Express  
18 Booking experience, is not about booking on  
19 Trivago. Trivago actually takes you onto the  
20 site in which you're booking, but it's about  
21 facilitating the booking and really helping  
22 conversion, especially for the independent  
23 hoteliers, et cetera, who need to optimize on conversion, or  
24 (unintelligible) helping conversion on mobile.

1 We see the same thing on Google as well.  
2 There's plenty of branding and if there's  
3 plenty of branding, we think that  
4 repeat is going to be there, it's a  
5 channel that we'll test and learn on.

6 MS. SILEO: But you have said in your  
7 earnings call that you are seeing less  
8 business from TripAdvisor, not a good thing.

9 MR. KHOSROWSHAHI: Well, we see less  
10 business from TripAdvisor because they're  
11 sending more traffic to Instant Book. So  
12 certainly that's not a good thing, but we've  
13 been able to mitigate that on room a night growth;  
14 what was it, record levels  
15 this last quarter, so we've been able to do  
16 something and mitigate the loss of volume  
17 there.

18 MS. SILEO: So what we're going to do  
19 with the last minute that we have, we're  
20 going to play a little game.

21 MR. KHOSROWSHAHI: Uh-oh. Okay.

22 MS. SILEO: Okay? We go true or  
23 false.

24 True or false: Amazon gave up way  
25 too easily on the travel space.

1 MR. KHOSROSHAHI: False. It's in my  
2 interest to say false.

3 MS. SILEO: You didn't want them in  
4 there?

5 MR. KHOSROSHAHI: You know, we were  
6 partners with Amazon earlier in travel and it  
7 was a disaster for both of us the first time,  
8 so.

9 MS. SILEO: So they made the right  
10 decision.

11 MR. KHOSROSHAHI: You know, they  
12 tried a second time.

13 MS. SILEO: Whoever has more homes to  
14 rent, wins.

15 MR. KHOSROSHAHI: I think true in the end..

16 MS. SILEO: True?

17 MR. KHOSROSHAHI: Yes.

18 MS. SILEO: China is a money pit.

19 MR. KHOSROSHAHI: True for us, but  
20 false for Ctrip, I'll tell you that.

21 MS. SILEO: Expedia paid too much for  
22 HomeAway.

23 MR. KHOSROSHAHI: False. I hope.

24 MS. SILEO: And never means next

1 year.

2 MR. KHOSROWSHAHI: Apparently, yes.

3 The product has changed.

4 MS. SILEO: Ladies and gentlemen,

5 Dara Khosrowshahi.

6 (Applause)

7 (Conclusion of interview. Time noted: 6:20 p.m.)

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## C E R T I F I C A T E

1  
2  
3 I, DOREEN FOX KRENCHICKI, Certified Court  
4 Reporter, Certificate of Merit Reporter,  
5 Registered Professional Reporter and Certified  
6 Realtime Reporter, do hereby certify that the  
7 foregoing is a true and accurate transcript of the  
8 notes as taken stenographically by me of the  
9 within proceedings. On the occasions when the  
10 quality of the audio was compromised and difficult  
11 to understand, it was replaced by the word  
12 "unintelligible."  
13

14 I DO FURTHER CERTIFY that I am neither a  
15 relative nor employee of the parties involved in  
16 this event.  
17  
18

DOREEN FOX KRENCHICKI,  
19 CCR, RPR, CM, CRR  
20

21 Dated: November 18, 2015  
22  
23  
24  
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