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EXPE - Expedia Inc at Phocuswright Conference

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NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

CORPORATE PARTICIPANTS

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CONFERENCE CALL PARTICIPANTS

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Norman Rose *Phocuswright - Analyst*

Mark Mahaney *RBC Capital Markets - Analyst*

Philip Wolf *Phocuswright - Chairman of the Board*

PRESENTATION

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

He has expanded one of the world's largest travel companies to include over 150 travel booking sites across more than 70 countries. A self-proclaimed sci-fi aficionado, please welcome President and CEO of Expedia, Inc., Dara Khosrowshahi.

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

Thank you.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Welcome, Dara.

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

Thank you.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

And happy birthday. Didn't Expedia turn 20 years old this year?

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

Yes, very recently. We're getting old.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Well, I wouldn't say that.

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

We're trying to stay young, trying to stay young.



NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Yes. And you've been there 11 of those years. So, you've been there more than half the lifespan of Expedia.

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

I have and we've survived through it.

QUESTIONS AND ANSWERS

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

You survived through it. So, how do you stay focused on the core proposition of what Expedia is and was when you joined the Company 11 years ago? And then, as well, and then diversify into new areas?

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

Well, I think you -- I always believe that, in order to solve a problem, you want to break them down into component parts. And in designing kind of the Expedia ecosystem, we are consistently trying to split different activities within the Company into smaller parts that are not dependent on other parts of the business to do their job so that you create small teams that have very, very clear goals and metrics, etc. You put good leadership on top of them. You put the technology teams there. And then you let them go.

And then that allows you to, once you get this kind of team and machine that has clarity, is moving forward without having to ask for permission, and is constantly getting better, as a leadership team, then you can kind of turn to other areas of opportunity. And it's a design structure that you try to put in place in, actually, technology stacks. And we're trying to do the same thing, essentially, in our business stack. And it's worked so far and hopefully it will continue to work for us.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

So, a big piece of that strategy is your new platform.

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

Yes.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

And you invested, what, over \$800 million in building that new platform?

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

We're going to get to be spending, overall as a company, close to \$1 billion in technology a year. So, it's building and hopefully we will continue to see pretty good returns.



NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Okay. Now you had some hiccups along the way. So, I want to ask; what did you not anticipate in terms of the gravity of building the platform?

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

Oh, God. The list goes on forever. So, it's always tougher than you expect. It always takes longer than you expect. And I think if there's one thing that I would re-do is, is actually to be more patient.

We tried to do too much too fast and often that required a very high-level coordination of work between different teams. And, instead of breaking the tasks down into smaller component parts, we were trying to take big giant parts of the stack and move it over. And that's just much, much tougher.

So, as we kind of matured as a company, as a technology company, when you look at how we integrated, let's say, Travelocity onto our tech stack and Orbitz onto our tech stack, it wasn't a big giant integration. It was taking different parts of the component product and moving it onto our front end, which meant that all the back-end got integrated.

But it was fundamentally, I'd say, an engineering solution. And if I had to do it all over again, I'd be listening to my engineers a heck of a lot more than building beautiful boxes on whiteboards.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

So, you were very ambitious and you just wanted to get it done as quickly as possible.

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

We didn't know how to get it done. I think a key religion that we have now is to take on the smallest problem we can. The best engineers are cheaters by nature. They never -- if there's a big problem they keep reducing the problem and try to solve the smallest problem and then get to the next one and get to the next one and get to the next one. We were trying to solve the whole thing. And I think it's a fundamentally different approach now and it's a better approach because it allows you to adjust much more quickly than taking on these big giant projects.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

So, now, back to business. How do you monetize the platform? And, for example, we have a few initiatives, we have long-tail initiatives, obviously, with activities and images vacation rental.

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

Sure.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

And maybe you're thinking of some others as well. And let's start with that and then talk about Marriott and what that licensing agreement entails.

NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

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

Well, it's more and more, as we're building out this platform, the platform is architected in a way that makes it very flexible. And, essentially, the same core technology that allows this platform to power multiple brands will allow it to power third parties.

So, we have essentially given Marriott access to our package technology stack. It's the same stack that Expedia runs on. So, to the extent that Expedia is improving, Marriott Vacations is improving as well. And they've seen very solid double-digit growth as a result of it. And we will be able to essentially open up our technology stack more and more to a number of partners on a global basis. So, this is just a start for us.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

So how do you prioritize restaurants, activities, parking, vacation rental? Obviously, you prioritized vacation rental.

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

Yes. I mean vacation rentals we certainly prioritized with our pocketbooks. That's our largest acquisition with HomeAway. And it's an enormous opportunity. It's \$100-plus billion opportunity. That team is super, super focused now and investing very aggressively in building out that tech stack, taking it transactional.

But also we do think activities, the subject matter that was just spoken about, that is a very large opportunity in and of itself, but it also helps us create more touchpoints with our consumer. We find that the greater the frequency of our touchpoints with our consumers, the greater loyalty they have. And the key there is to make the touchpoints very much not just about an upsell, another upsell, but make them based on context of what that consumer is doing and hopefully make that connection a delightful one, which can really increase loyalty back to you as a result.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

So, \$130 billion opportunity.

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

Yes.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Activities.

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

Yes.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

And what are you doing in this space?

NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

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

Well, we have a Local Expert group. It is probably the newest part of our technology stack, fastest-growing part of the business. And I think as far as activities goes, we are one of the top players on a global basis. We are marketing very aggressively on a standalone basis.

It is becoming and increasing part of our app now so that we know you're in market, we know that you've flown to Los Angeles. Here are things that you can do. And so, increasingly, now our work on the activities front is to upsell you based on the context that we have regarding where you are in your trip, etc.

And, for us, it's not just activities; it's cars and cabs to the airport, from the airport to the hotel, from the hotel, etc. We have a treasure mine of data about what consumers are actually doing because they booked it through us. And we think activities are a terrific opportunity to put that data to use.

The additional factor that we have is that any time that we can combine multiple travel elements into one transaction, we get to deliver, often, very, very attractive discounts to our consumers. So, that's a different angle for us that's a bit of a unique angle because we're in the multiple kind of line of business.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

So, I wanted to ask you about that because dynamic packaging, you don't hear that much about it anymore.

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

Yes.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

And are people doing it? I mean are they taking air, a car, a hotel, an activity, and really pulling it together at once? Or are we still kind of doing these linear individual segments?

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

So, it's actually one of the most, I think, exciting opportunities that we have ahead of us. The way that dynamic packaging was architected in the past was, like you said; we would build out a very separate path for each different package and you could only buy the flight plus hotel or a flight plus hotel plus car. We would define how you'd buy it. And we'd also time segment it; you had to buy it all together in order to get the discount.

Where we are going is to a world that looks much more like a shopping cart. You can take a flight and put it in a cart, hotel, car etc. So that you're going to be able to combine multiple products any which way you want all with kind of one look and feel versus all these different paths.

And we're taking, in many, many cases, the time segmentation out, which means if we know that you have bought a ticket to Los Angeles during these dates, we will allow you to search for hotels in Los Angeles, and only you to search for hotels in Los Angeles, and get the kind of net rates that were previously available only if you made the transaction together. And that's available now. And if I'm a hotelier in Los Angeles, I know you're coming in.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

So, you're going to show me different --



NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

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

And it doesn't undercut retail because, again, it's a total one-to-one kind of marketing that we're doing.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

But is it opaque or do I see the price?

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

No, you see a discounted price. And, again, it is something that only you see. Right? So, that is something that is happening right now.

And if you put together -- and I'd say, on the shopping path, we are mid-stream. We're testing and learning right now as far as kind of creating a much more Amazon-like retail experience; take this, put it up in a shopping cart, etc. And then the second part of taking this, forcing you to buy it all together, that is already happening as we speak. And, for example with our hotel product, we're offering it right now and it's proven to be very, very popular.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

So, will there be other agreements like the Marriott one?

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

We hope so. We hope so. I mean one agreement that's not exactly like Marriott that we announced, actually, was with Best Western in Germany. And there, actually, we are powering Best Western meetings. So, you can book meetings online. You can book your food service, etc. Again, all automatically online. It was a little product that --

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Is that a new space for you; meetings?

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

It was a small bet made by a couple of engineers in Europe and they wanted to go build it for us and see what happens. And they built it and it's pretty good. So, now we are powering it Best Western and it could become something that's productized at scale. But that's the --

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Big market.

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

The sensibility that we have now, is, "Hey, let's go try something, build it on the cheap." And I think this thing could really turn into a pretty exciting initiative for us.

NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

So, let's move on to hotels.

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

Yes.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Our favorite subject. And hotels always, you know they love to hate Expedia. And there has been a lot of hullabaloo about their loyalty rates. And your own Melissa Maher did some interesting math and she's like, "Look, guys, you're giving your best rates to your best customers. They're going to come to you anyway. And maybe that doesn't make a lot of sense."

So, do you feel like the hoteliers are really going to be able to move the needle towards their direct channel because of these loyalty rates?

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

Well, I think that they will be able to move the needle. The question is; at what cost? Right? I think that the marginal cost of a new consumer who is not your core consumer is always going to be much, much higher than the next consumer or the core consumer.

And I think one misperception about OTAs in general that hotels have is they are comparing the cost of acquiring the OTA consumer to the cost of acquiring the core business consumer. And the fact is that the OTA consumer is not loyal to any brand. They are not loyal to a specific hotel brand, typically.

For example, on Hotels.com, the top chain in the world gets searched for specifically 0.5% of our searches. Right? These are consumers who want a hotel in downtown in Los Angeles. And they want to see what's available to them. And they're stating that they're not brand, necessarily, loyal by coming to our sites. So, anytime that you acquire this consumer that's kind of outside your core, the cost may be higher. Anytime you go and get a consumer from Japan or Brazil, the cost may be higher because actually the utility is higher.

And so, we think that, to the extent that hotels are not delivering the best prices in our marketplace, they will get penalized because conversion will move down in the marketplace and that's natural. So, they will lose share in our marketplace. And I think what's going to happen is some of these hotels are losing share and this customer, who normally they would have a hard time finding, and so, back to your question is, they can acquire more customers at what cost. We think we're a pretty efficient platform. And we'll see how it turns out over a period of time.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

But they are amassing a lot more loyalty members. Like some of the chains are saying, "Oh, we're doubling the number," because obviously you're going to sign up. It's a free program. And if you could save 3%, 10%, or what have you. So, now they're getting all this content, all this information that they can use to kind of bring in more customers.

And we have a slide here I just wanted to show as well, looking at loyalty. And the question is; is that what you're doing with Red Lion? And maybe you could explain it a little bit. How does that -- is that also going to also going to impact your loyalty program? Because do I need to be a member of the Expedia loyalty program to be part of the Red Lion loyalty program? And then everyone talks about, "Well, they're double dipping."



NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

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

Yes.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Because, as you can see, the hotel loyalty programs are more popular, but OTA, I would say your loyalty programs are gaining ground.

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

Yes, we have over --

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Now, they become your customer.

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

Well, we have over 50 million loyalty members now, on a global basis, across our different brands. Hotels.com loyalty program just being absolutely dynamite.

What we've done with Red Lion is essentially allowing them to sign up Expedia customers as loyalty members. And we saw quadrupling in the number of loyalty members that they signed up. And one open question is to some of the larger chains acquiring members; are they just stealing loyalty members from each other?

What I can tell is, based on the make-up of our audience, I'm highly confident that these loyalty members that we are passing off to Red Lion are new. They're net new customers. This is extending their customer relationships.

And our view there is we're allowing customers to self-select. If we give customers choice and if they want to join that loyalty program, then we've offered them a service. We're just going to make it as smooth and frictionless as possible. So, we will continue to do this. And, by the way, if they want to be an Expedia loyalty member, great. If you want to double dip, fine.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

But I don't have to be an Expedia loyalty member to take advantage of the Red Lion Inn rates?

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

No. No, you can double dip, which is great. But, for us, I'd say, in general, a pattern that you're seeing is we're opening up our marketplace. We're not in it to own the customer. On the internet you can never own the customer. We are out there to create, to facilitate as much as we can, an incredibly easy and delightful way and we think this is yet another tool that will grow over a period of time.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

So, Red Lion, they're kind of a mid-sized or a smaller --

NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

Unidentified Participant

Lorraine, I have a question here.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

I'm sorry just we'll get there in one second, Mark. So, do you see more chains, larger chains signing into the program?

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

I think that we will first see mid-sized chains. I think that they are, in general, a little bit more open. They don't have as many assets as the global chains do. You know global chains are pretty powerful entities with very strong technology capabilities and loyalty capabilities and brands. So, I think, naturally, we will start with the mid-scale folks and then hopefully we'll move our way up from there.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Okay, great. Mark?

Mark Mahaney - *RBC Capital Markets - Analyst*

Hey, Dara, could you talk about the -- paint the picture of the upside of the HomeAway integration of that inventory onto the Expedia platform? If everything goes well, what do you think that will actually do? Do you think it will bring new customers over that never bought on Expedia before? Do you think you'd be able to take match rates and dramatically improve them and dramatically improve conversion rates? If everything goes well, what's the upside?

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

Well, I think the upside first is going to be that -- the consistent pattern that we've seen is that the more supply that we have on an in[KL1]-destination basis, the higher the destination conversion becomes. And the higher the destination conversion becomes, the more marketing dollars we can put to work in that destination. So, first, it's just more supply means higher conversion. And I think that's going to help us very, very significantly especially in the number of HomeAway markets that are resort destinations and kind of mountain destinations, etc.

The opposite for HomeAway is that HomeAway is not strong, at this point, as far as their demand-generation, for urban destinations. So, I think that it is going to give a bunch of urban demand for HomeAway, which is going to allow HomeAway to be much more aggressive in signing up alternative lodging in urban destinations and is going to accelerate their supply sign-ups as well.

So, we think it's going to be a win-win for Expedia and Hotels customers as well as HomeAway, kind of the HomeAway community and the HomeAway owner base. And we're pretty excited about it.

Unidentified Participant

Dara, Lorraine. We have another question to your right.



NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

Norman Rose - *Phocuswright - Analyst*

Thank you. Dara, one of our innovators showed a very interesting kind of genome analysis of hotel preferences that was very detailed, kind of a DNA of hotels. And you have so much information about customer preferences, I'm wondering if part of your technology initiative is similar.

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

We're just getting started there. So, I'd say the areas where we've done some experimentation is, to the extent that you've signed in -- and we're trying to get more and more of our customers to sign in -- and you book with us, we will show you the hotels that you've booked and we will tend to sort hotels that look a lot like the hotels that you've booked in the past. Do you like a hotel in the center of city? Do you like boutique hotels? Do you like chain hotels? How much do you like to pay? So, sort based on past behavior is one.

We are also looking at marketing very much like Amazon, which is, to the extent you're looking at this hotel, other customers also booked or looked at hotels just like this. But we are very, very early in that path. And I think there's a whole lot of experimentation to be done and, hopefully, a significant amount of upside for us. Sure.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

I just wanted to get back to HomeAway real quickly. How many properties are online? Like how is that onboarding going? What's the plan? And then, will that be integrated, then, into the search with hotels?

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

So, we have 1.4 million properties total. Over 1 million of them are now online bookable on HomeAway. And we are going to start moving some of the online bookable and instant bookable HomeAway properties onto the Expedia and Hotels.com platforms. And it will start happening this year.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Okay.

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

Then it will be a migration period going to next year. And, really, then we're going to be testing and learning; how do you sort this material? How do you present it and intermingle it with hotels so that it's a win-win for the customers as well as their owners?

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

So, I want to shift gears a bit. We showed some data earlier from a survey that we took on Monday, gauging the sentiment in three European countries. And we found that about a fifth said they plan to travel to the U.S. less because of the results of the election. Does that concern you?

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

I would say, listen, concern, yes, but it's not a deep concern. We've been through environmental disasters, terrorist attacks, etc. This was an election. People still travel. We've consistently seen that, to the extent that there have been disturbances, they might change the shape of travel, but it doesn't -- people still go on their vacations. They may make different choices. So, I think our portfolio is broad enough where, one way or the other, if people are going to find us, they're going to find us.

NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

Unidentified Participant

We've got another question over to your right.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

On November 9th you tweeted, "As tech leaders we have to admit that we are hugely disconnected with our nation. I don't like it, but have to recognize this issue." That's very powerful, Dara. Philip?

Philip Wolf - *Phocuswright - Chairman of the Board*

Hi, Dara. As voice-actuated assistance move from the edge maybe to become more mainstream and artificial intelligence in general, with the initiatives especially by Google and Facebook and the incredible amount of data they have, it seems to be incumbent upon the giants like you and Priceline Group to do the same. How do you see that panning out? Do you think eventually everyone will be still neck and neck or do you see this kind of AI making a difference on who wins and loses relatively?

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

Well, I think we tend to, ourselves, and certainly Priceline as well, we have the ability to invest aggressively in emerging technologies and platforms. And, as a result, usually when those platforms emerge we tend to take outside share of the travel industry with emergence of those platforms.

And I think that voice is a new platform. That's a new way of interacting. I think it provides challenges in that the interaction becomes much more unstructured. Right? It's we have been training consumers how to click their mice or their thumbs. With voice, you can't really train consumers. And the only training is if you get a null set I'm never going to use you again.

So, I think that Facebook and Amazon and Google are going to be focused on taking the input and translating that input into some kind of structured query. And then, we've got to translate that structured query into results that are complete and appropriate. And I think we're very, very well-positioned to do that because we have all the data and we have a breadth of travel data that other players don't.

The other great thing about voice is that, right now, Google is a very strong gateway on tech search. Voice search, I think as far as gateways go, is going to be much more dispersed. Amazon is a new player. Facebook is a player, etc. So, we think the more gateways we have in a platform, the better off. And I think voice is going to be pretty attractive for us. I don't know how big it will get in the next two years. But in five to 10 years, I'm quite optimistic.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Your international business is, what, 36%?

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

Yes.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Okay. Where would you like that to be?



NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

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

I want to it be the other way around. So, I want it to be -- I think international we want to get to two-thirds versus one-third.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Okay.

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

We have our work cut out for us.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Okay. And last year you said you were going to do China, go for China alone. You divested eLong. How is that going?

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

Well, the divestiture was quite profitable. But, in China, we are really focused on partnering up with Chinese players for outbound volume, offering them -- we've got incredible worldwide inventory. We've got merchant inventory that you can combine into packages. And the EAN business, especially their Expedia Affiliate Network business, is really booming in China and especially in the Asia Pacific marketplaces as well. So, we're pretty optimistic there as far as a partnership route.

And we are continuing to invest in Hotels.com. We just launched Expedia in China to focus on outbound. I think that's going to be a longer path. But we're pretty -- we stick to it. We're long-term investors. And I think China will be a nice market for us over the long term.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

How else can you participate in Asia Rising?

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

Well, I think we're participating right now. We're very good in North Asia. I'd say we got to get bigger in Southeast Asia. And China and India are enormous opportunities, but challenges, as well, for us.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Okay. Book on Google, how is that working for you?

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

We are in discussions with them. So, I can't say that it's absolutely working, but we're optimistic. I mean Google keeps building different ways for us to interact with them. And we engage with them in a very constructive manner. And we haven't found any channels on Google where we can't bid and we can't be a significant share player.



NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Okay. And Adam said, when we talked about Instant Book, that maybe in the future Expedia will be a part of that.

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

Yes, I think it's a possibility. The Instant Book product now has much stronger branding as far as TripAdvisor's partners go. I think the branding is better. It's better for the consumer. There's less confusion. And so, from a product standpoint and customer experience standpoint, we're much more optimistic. Now we have to make sure that the economics and kind of the integration details, and they're important details, work out. So, we'll see what happens. They are a great partner and we'd love to work with them, but we do have -- we're not there yet.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Okay, great. So, I'm getting the one minute sign.

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

Okay.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

And that means it's time to play true or false.

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

Oh, Lordy. Okay.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

We had so much fun doing this last year so we're going to do it again.

The Trivago guy is ready to move on.

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

False. We love him.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

But he is moving on.

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

Yes, I know. But we love him still.



NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

He's a handsome guy.

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

I'll tell him you said that.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Thanks. I am glad I didn't invest in restaurants.

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

In restaurants? True.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Chat is the new black.

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

True-ish. I'd say chat more for customer service can be a great platform. I think chat for search is not particularly effective.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

I'm writing an even bigger check to Google this year.

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

Very true. Rob Torres owes me a drink.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

I'm ready for another big acquisition.

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

False. I need my peace.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Facebook is the new elephant in the room.



NOVEMBER 17, 2016 / 1:55AM, EXPE - Expedia Inc at Phocuswright Conference

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

A baby elephant. Hopefully, they'll get to be a big elephant.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

And, finally, I remember how I partied when I turned 20.

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

I don't remember my 20s. Too far back.

Lorraine Sileo - *Phocuswright Inc. - SVP, Research*

Ladies and gentlemen, Dara Khosrowshahi.

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

Thank you. Thank you very much.

[KL1]17:40

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