

Egencia Releases 2009 Global Benchmarking Study and Assessment of Corporate Travel Spend

Substantial impact on ATPs and ADRs for corporate travel markets worldwide in Q1 '09

London. – (14 May, 2009) – Egencia™, an Expedia, Inc. company, today unveils its 2009 Global Benchmarking Study, evaluating the current economic climate and its impact on travel management trends and the supply environment for business travel. Focusing on top domestic and international business markets in Europe and North America, Egencia analyzed industry trends, supplier research and capacity implications for the rest of the year. The study builds on themes first addressed in Egencia's 2009 Forecast and Negotiability Index released last November.

"The impact of an uncertain economy is evident in the corporate travel industry," said Rob Greyber, President of Egencia. "As companies tighten control over travel spend, the resulting decrease in demand has resulted in significant YOY declines in average daily rates (ADR) and average ticket prices (ATP) for most business markets in the first quarter of 2009."

Europe

Europe has pulled airline capacity, most recently with long haul flights from U.S. carriers. Consolidation and alliance coordination are also factors driving corporate travel pricing upwards. Whereas traditional European carriers decrease domestic price competitiveness, strong dollar increased prices for intercontinental travels.

"Decreasing passenger count, declining demand for premium travel and a sustained decline in oil prices have contributed downward pressure on European air pricing in top business travel destinations. Similarly, corporate cut-backs on meetings, lowered air capacity and shorter length of stay have all resulted in a decrease in demand and thus contributed downward pressure on lodging pricing for business travellers", comments Christophe Pingard, VP Egencia Europe.

The chart below illustrates Q1 year-over-year ATP and ADR figures, adjusted for the FX rate of exchange, in the top business destinations for Europe travellers.

Europe

<u>Destination</u>	<u>ATP YoY</u>	<u>ADR YoY</u>	<u>Destination</u>	<u>ATP YoY</u>	<u>ADR YoY</u>
Amsterdam	-14%	-7%	Madrid	-6%	-8%
Barcelona	-10%	-14%	Manchester	-20%	-23%
Berlin	-3%	-5%	Marseille	-0%	-3%
Brussels	-5%	-12%	Milan	-17%	-9%
Chicago	-16%	-13%	Moscow	-20%	-23%
Dublin	-15%	-17%	Munich	-7%	-1%
Frankfurt	-11%	2%	New York	-20%	-7%
Glasgow	-25%	-19%	Paris	-7%	-3%
London	-21%	-18%	San Francisco	-21%	0%
Lyon	1%	10%	Stockholm	-18%	-7%

North America

Despite recent capacity cuts and weaker foreign currencies increasing the cost effectiveness of international travel, the combination of declining volumes, macroeconomic conditions and increased competition on numerous business routes has contributed to downward pressure on air pricing in top business travel destinations for North America. Front of cabin seating has received additional pressure as companies alter class of service policy. The lodging industry experienced similar influence with recent cut-backs in corporate meetings and overall

decreased demand. However, fueled by the past, hotel supply is still growing which only increases the downward pressure on ADRs.

Charts below illustrate Q1 year-over-year ATP and ADR figures in US \$ dollars selected business travel destinations for North America.

United States

<u>Destination</u>	<u>ATP YoY</u>	<u>ADR YoY</u>
Atlanta	-4%	-6%
Boston	-15%	-10%
Chicago	-8%	-11%
Dallas	3%	-5%
Denver	-7%	-5%
Houston	-4%	-1%
Los Angeles	-9%	-9%
Minneapolis/St. Paul	-5%	-6%

<u>Destination</u>	<u>ATP YoY</u>	<u>ADR YoY</u>
New York	-15%	-20%
Philadelphia	-15%	-8%
Phoenix	-6%	-16%
San Diego	-2%	-9%
San Francisco	-12%	-12%
Seattle	-10%	-8%
Washington, DC	-8%	8%

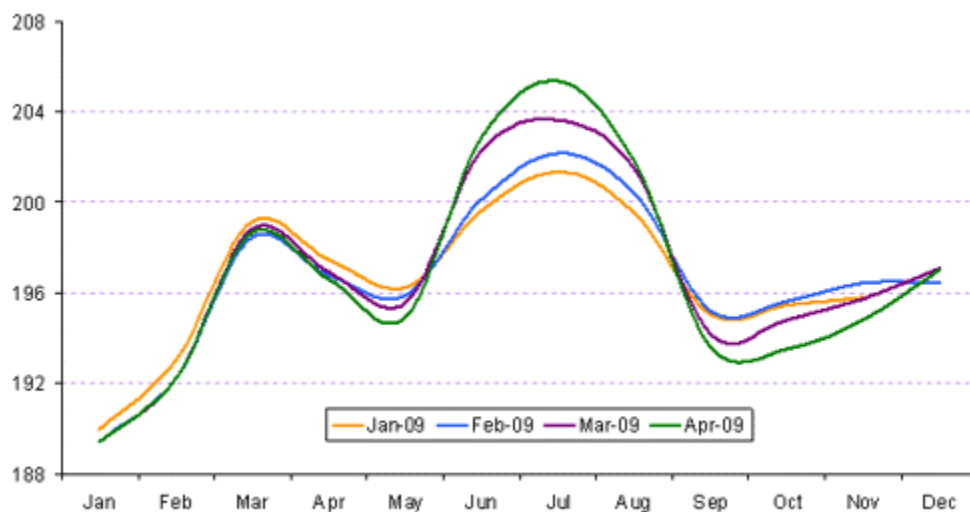
International

<u>Destination</u>	<u>ATP YoY</u>	<u>ADR YoY</u>
Hong Kong	-2%	-22%
London	-19%	-29%
Paris	-19%	-18%
Tokyo	-2%	-11%
Toronto	-24%	-4%

Conversely, car rental prices for business travellers have been increasing at a rate of 10 to 20 percent. Primary reasons driving this trend include the rising cost of inventory and financing and constricted demand due to the economic environment. Downgrading car class has also become a natural extension for tightening business travel policy.

Looking Ahead

A consensus view of filed capacity shows US airlines increasing flights per week by 2 percent in summer of 2009. While this is still down from previous years, the increased capacity combined with recent drop in oil prices could provide cushion for a further drop in corporate travel ATP in Q3. Europe is expected to follow albeit later in the year.



Changes in U.S. airline capacity filed in first four months of 2009

Based on US airline forecasted capacity increases in Q3 and the drop in oil prices, Egencia expects the biggest decline year-over-year to occur in Q3 2009 when corporate travel ATPs will reach their lowest levels.

"While capacity is still down year over year, we've seen some recent movement from the airlines to add back in capacity in the summer months," said Rob Greyber. "This could provide the buffer we need for a further drop in corporate travel ATP in the third quarter."

Travel Management Trends

Egencia US has also surveyed more than 100 travel buyers on actions companies are taking to control travel spend and how expectations have changed in the last several months.

According to survey respondents, 64 percent of travel managers have slightly or significantly reduced their amount of business travel, up from 48 percent in November 2008. Surprisingly, 13 percent of respondents said they have slightly increased business travel, versus three percent six months ago.

The top practices travel managers are using to save on travel costs include:

- Advanced booking of airline tickets (58%, up from 55% in November 2008)
- Active tracking of unused tickets (57%, up from 44% in November 2008)
- Enforcing travel policy more rigorously (53%, up from 43% in November 2008)

There has also been a notable increase in renegotiation of supply contracts (19% up from 11%) and in mandating the use of a corporate travel provider (19% up from 9%) to better manage travel expenditures.

Active spend management is a trend seen by many travel buyers today. Clients are driving meaningful change in their organizations by using proactive travel policy management and enforcement to control travel spend.

Note: Egencia completed an in-depth review of APAC markets as well. Details available upon request.

Research Methodology

Forecast and projections are based on the statistical analysis of the past and present industry trends, macroeconomic factors, market research and vendors' capacity forecasts for 2009.

Smith Travel Research (STR) and OAG filings were leveraged for a market-level analysis of both Lodging and Air capacity.

As indicated above, the projections are based on information gathered from various internal and external sources. The forecast represents an opinion based on current market factors and is not a representation or warranty as to the accuracy of the forecasts or projections made herein. Actual changes in ticket prices and hotel rates could vary significantly from forecasted numbers, impacted by unforeseen future economic and political factors.

About Egencia, an Expedia, Inc. Company

Egencia is the fifth largest travel management company in the world. As part of Expedia, Inc., (NASDAQ: EXPE), the world's largest travel marketplace, Egencia helps business get ahead by offering the only truly integrated corporate travel service. Egencia's industry expertise helps drive results that matter, delivering meaningful advancements that have a real impact. By combining a powerful offline and online service, Egencia delivers a complete corporate travel offering supported by global market expertise and a best-in-class technology platform.

For more information, go to www.egencia.com

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uncertainties, risks and changes in circumstances that are difficult to predict. Actual results and the outcome of events may differ materially from those expressed or implied in the forward-looking statements for a variety of reasons, including declines or disruptions in the travel industry caused by, among others, prolonged adverse economic conditions, health risks, increased adverse weather, war and/or terrorism and bankruptcies.

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Key findings:

What does the market look like at the moment?

'Downsizing' business travel plans has become more prevalent across the major business markets, causing significant YOY declines in average daily rates (ADR) and significantly lower average ticket prices (ATP) in the first quarter of 2009. **London is one of the worst hit of the major business centres** with a reduction of 39% in average ticket price for flights and a reduction of 18% in hotel lodging prices *[we can also split out all major cities for comparison results if you need them]*

Decreasing passengers count, declining demand for premium travel (ie. first class) and a sustained decline in oil prices have contributed downward pressure on European air pricing in top business travel destinations. Simultaneously increased competition from **low-cost carriers** has also affected the European market.

In order to deal with this, Europe has reduced airline capacity, most recently with long haul flights from US carriers, and this is counteracting the reduction in prices globally as demand increases.

Are people still travelling for business?

64% of managers in charge of business travel budgets have slightly or significantly reduced their amount of business travel, up from 48% six months ago in November 2008.

Top practises for those looking to reduce costs include:

- Advanced booking of airline tickets (58%, up from 55% in November 2008)
- Active tracking of unused tickets (57%, up from 44%)
- Enforcing a corporate travel policy more rigorously (53%, up from 43%)

What does the future look like?

Based on this research, we anticipate that air travel prices will bottom out in 3Q 2009

- On a YoY basis, the biggest decline in price will be in 3Q 2009
- Sequentially, the average ticket price in 4Q 2009 will be higher than 3Q 2009

- The travel market will begin growing within 6 months of end of economic recession and globally, we're hearing that Q2 in 2010 will see a recovery in travel demand.
- Certain business markets will recover sooner than others. For instance, airlines have recently added back capacity into markets like Boston and Los Angeles

Who can you speak to/how can this be visual?

Christophe Peymirat, MD for Egencia UK is available to discuss the findings

We can also provide a company case study to provide the 'view from the ground' on business travel

St. Pancras Train Station / Heathrow-Gatwick Express / Egencia offices in Moorgate / back of a black cab

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