



Egencia Releases 2009 Forecast and First Negotiability Index for Business Travel

Travel buyer and business traveler surveys complete outlook of corporate travel market

BELLEVUE, Wash. – (November 10, 2008) – Egencia™ today released its 2009 Business Travel Forecast and announced its first negotiability forecast for 2009. Egencia’s forecast evaluated the current economic situation and its impact on the supply outlook for business travel. Focused specifically on 20 top domestic and international business markets, the forecast analyzes past and current industry trends, macroeconomic factors, in-depth research of supplier markets, and capacity forecasts for 2009. The report goes beyond wide generalizations to include market-level data on air, hotel and car rental trends and reports on both domestic and international markets. Egencia’s Negotiability Index captures market-level data and dynamics, offering business decision makers a single, integrated metric reflecting trends in key domestic US cities.

“Based on our analysis, in 2009, we expect to see a moderation in business travel pricing in these 20 key markets,” said Rob Greyber, senior vice president of North America for Egencia. “While there is notable pressure that could drive costs higher, we still expect that shrinking demand combined with a number of other factors will cause average airline ticket prices (ATP) and hotel average daily rates (ADR) to remain flat to slightly down for businesses and business travelers in these important business cities. Because times like these demand attention to details beyond broad averages, Egencia has provided our clients, partners and the industry with a market-level look at trends we’re seeing.”

See charts below for Egencia’s breakdown of anticipated changes in average ticket prices and daily rates in 20 top domestic and international business markets, along with Egencia’s Negotiability Index for 2009 for domestic US cities.

Air Outlook: ATP - U.S. – For these domestic markets, average air ticket prices paid by business travelers in 2009 are expected to be flat to slightly down due to softening demand, which may outstrip decreased capacity. Policy and spend controls will continue to tighten at companies which in turn will impact the mix of products purchased in 2009.

It is also likely that key business markets will experience less capacity compression than average because airlines want to hold share among business travelers. Additionally, some markets may even enjoy a level of increased competition from newer market entrants or even added capacity which could further moderate ticket prices.

“There are a number of factors at work here for corporate travel market in air,” continued Greyber. “We are seeing upward pressure resulting from decreases in capacity, higher a la carte fees such as meals and baggage, and flow-through from 2008 M&A activity. At the same time, we see corporations adapting their policies, increasing their cost monitoring (for example, pushing travelers to lower classes of service) along with overall lower projected demand and declining oil prices. Overall, we believe decreased demand may outstrip projected capacity cuts and, as airlines strive to keep planes full, we expect to see lower average ticket prices for business travelers in most markets.”

Market	ATP in 2009
Denver	-9% to -13%
Los Angeles	-2% to -6%
Phoenix	-3% to -7%
San Diego	0% to -4%
San Francisco	-1% to -5%
Seattle	-10% to -14%

Market	ATP in 2009
Atlanta	-12% to -16%
Boston	-7% to -11%
New York	-8% to -12%
Philadelphia	-6% to -10%
Washington, DC	-7% to -11%

Market	ATP in 2009
Chicago	0% to -4%
Dallas	-8% to -12%
Houston	-6% to -10%
Minneapolis/St. Paul	-8% to -12%

**All tables above are broken out by country region.*

Air Outlook: ATP – International – These international markets will be affected by the same supply and demand dynamics as in domestic markets along with slight upward pressure if the U.S. dollar continues to strengthen and companies expand international travel year-over-year.

Market	ATP in 2009
Hong Kong	-13% to -17%
London	-4% to -8%
Paris	-11% to -15%
Tokyo	-10% to -14%
Toronto	-11% to -15%

Hotel Outlook: ADR – U.S. – While many key business markets will remain strong, broad demand is predicted to decline putting pressure on hotel rates. Additionally, factors such as air capacity cuts will bring fewer business travelers to some markets and add to downward pressure in pricing.

“While air capacity cuts are not likely to significantly affect important revenue-generating, business markets, we still believe there will be a weak to moderate impact on hotels in certain

cities,” continued Greyber. “Property development investments, which was fueled by previous market strength, are now coming online and will result in an increase in hotel capacity. This should increase further price competitiveness and downward pressure.”

Market	ADR in 2009
Denver	-2% to -6%
Los Angeles	-3% to -7%
Phoenix	-7% to -11%
San Diego	-6% to -10%
San Francisco	-1% to -5%
Seattle	-1% to -5%

Market	ADR in 2009
Atlanta	-2% to -6%
Boston	0% to -4%
New York	-6% to -10%
Philadelphia	-4% to -8%
Washington, DC	-4% to -8%

Market	ADR in 2009
Chicago	-8% to -12%
Dallas	-2% to -6%
Houston	-3% to -7%
Minneapolis/St. Paul	-2% to -6%

**All tables above are broken out by country region.*

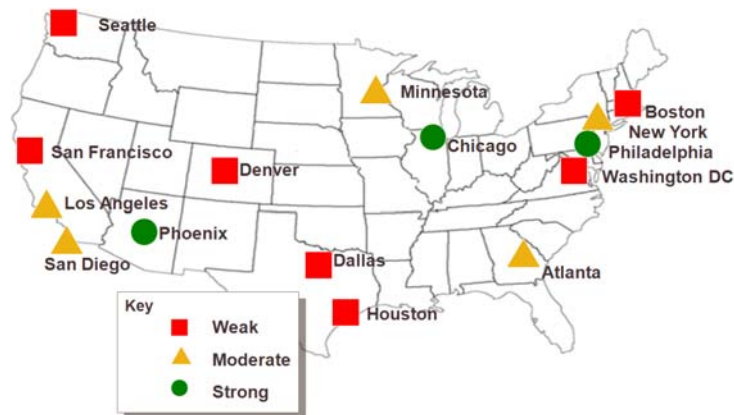
Hotel Outlook: ADR – International – International markets will experience some weakening demand with rates staying relatively flat to slightly decreasing. The effect of a strengthening dollar may drive a mild increase in US travelers to Europe, year over year.

Market	ADR in 2009
Hong Kong	2% to -2%
London	-2% to -6%
Paris	0% to -4%
Tokyo	0% to -4%
Toronto	4% to -1%

Supply Outlook: Car Rental - In addition, Egencia also analyzed the rental car industry, forecasting next year’s environment to be slightly favorable to buyers due to factors including expected demand declines because of the overall economy. That favorability could be offset by capacity reductions and industry consolidation among car rental suppliers.

Supply Outlook: Negotiability - Egencia has released the first ever Negotiability Index, an indicator of the overall supply landscape in top domestic markets. The Negotiability Index analyzes a number of market factors including macroeconomic factors and expected air and hotel capacity and occupancy trends.

“With current volatility in the market, we wanted to provide the industry with actionable analysis of expected conditions in important business markets,” said Greyber. “Clients and suppliers would normally have to piece together this sort of analysis in a vacuum. Egencia’s Negotiability Index should offer a meaningful way to baseline expectations as clients and suppliers look for ways to drive value in 2009.”



Companies should expect to see these market-level dynamics to persist into 2009.

Survey Results – Travel Buyers

Egencia’s report also included results from a survey of approximately 200 financial executives and decision makers and 500 business travelers. This survey focused on the latest actions companies are taking to control their travel spend in 2008 and into 2009. The survey was conducted during the week of October 13, 2008 and represents a current view of travel buyer and business traveler views of current year and 2009 dynamics.

According to Egencia’s survey of travel decision makers, it indicates that the economic downturn has resulted in companies altering their travel spend. Almost half of companies (48%) are now either slightly or significantly reducing their travel spend with an equal 48% keeping their current budget stable. Looking into 2009, 62% expect their travel budgets to remain the same, 11% expect a reduction and 27% an increase in their 2009 travel budgets.

“With the current economic situation, we see travel decision makers and financial executives leaning into the market and actively controlling their travel spend,” said Rob Greyber, senior vice president of Egencia North America. “Companies are reexamining travel policies, travel policy compliance and also employing tactics like unused ticket tracking and stepping up monitoring spend in real-time to keep travel buyers informed. Taken together, these actions will allow companies to manage purchasing power, make better decisions and make their travel budget more effective in the coming quarters.”

Egencia found that travel decision makers are using specific cost-cutting practices to control travel spend and manage travel programs more closely heading into 2009, including:

- Adjusting guidelines around booking tickets in advance (55 percent of respondents).

- Actively tracking unused tickets (44 percent) and requiring pre-trip approval (43 percent)
- Encouraging travelers to book a lower class of air service (25 percent)

Survey Results – Business Travelers

Business travelers are also experiencing moderate effects due to the current economic climate. Business travelers were nearly evenly split on expectations for 2009 as fifty-three percent said their company's business travel had remained the same with an almost equal number (47%) noting that they expect slightly or significantly decreased travel.

While 65% of business travelers say they have not yet seen their company update or change travel policies, many are feeling the impact and making the following changes:

- Taking day trips rather than overnight stays (16 percent)
- Sharing cabs or rental cars (15 percent)
- Renting compact/economy cars rather than larger vehicles (14 percent)

Research Methodology

Projections are based on the statistical analysis of the past and current industry trends, macroeconomic factors, research of supplier markets, 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.

The Negotiability Index is based on data including actual 2008 occupancy & capacity changes, along with forecasted trends and ADR projections at a market-level for key business markets.

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

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For more information, press only:

Lauren Berg

Edelman

(312) 233-1390

lauren.berg@edelman.com