



Egencia Releases 2010 Forecast and Annual Hotel Negotiability Index for Corporate Travel

Index Shows long and short haul flights to Europe will increase

London/Paris/Munich. – (3 November, 2009) – Egencia[®], an Expedia, Inc. company, today unveiled its 2010 Corporate Travel Forecast and Hotel Negotiability Index, finding that short and long haul travel for top European business destinations will rise. Egencia’s Hotel Negotiability Index looks at city-specific data to help business decision makers gauge travel programme opportunities while planning. This year’s Index analyzes corporations’ buying power in nearly 40 global cities.

The study evaluates global industry trends, macroeconomic factors, in-depth research of supplier markets and capacity to deliver a current report on air, hotel and car rental trends in both domestic and international destinations.

"Overall, we expect to see some year-over-year recovery of business travel in 2010 as economies stabilize around the world," said Rob Greyber, President of Egencia. "The resulting demand coupled with suppliers maintaining capacity discipline is expected to push air prices higher in many business destinations."

Europe

Pricing for both Average Ticket Price (ATP) and Average Daily Room Rates (ADR) in top European business travel destinations is expected to rise slowly. European cities have shown signs of positive growth and business demand will begin to increase in travel especially in finance markets. Recent airline capacity cuts, increased focus on carrier profitability and recent airline mergers including Delta/Northwest merger and Air France and Alitalia consolidation are also contributing upward pressure. Hotels located in business hubs are likely to benefit from the increased demand.

“European markets have shown signs of positive growth” comments Christophe Pingard, Senior Vice President at Egencia Europe “however continued economic uncertainty plus increased competition on routes, coupled with a stabilised oil price, down 30% year on year, have contributed downward pressure on European pricing in top business travel destinations.”

Charts below illustrate year-over-year ATP and ADR figures in U.S. dollars in selected business travel destinations for Europe.

Market	ATPYoY	ADR
Amsterdam	3%	0%
Barcelona	7%	-1%
Berlin	0%	2%
Brussels	0%	3%
Frankfurt	4%	1%
London	1%	1%
Madrid	1%	2%
Milan	2%	1%
Munich	2%	1%
Paris	0%	1%

Supply Outlook: Hotel Negotiability

Egencia's Hotel Negotiability Index, an indicator of the overall supply landscape in top domestic destinations, suggests that 2010 has a varied outlook for markets across Europe. Spain and Holland will maintain a buyers market, whilst the UK, France and Germany are set for a weak supply outlook for 2010.



“Supply outlook will be weakest for the UK, France and Germany, contrasting the US and APAC markets which will continue to maintain high negotiability during 2010. For Europe, the hotel negotiation opportunity for travel and business decision makers looks strong only in Spain, especially Barcelona, Milan and Madrid” says Pingard.

North America

Despite continued depressed demand for front of cabin travel, increased low-cost competition and ancillary fees contributing downward pressure on ATPs, several factors are likely to push corporate travel prices upward, including: the post-recession economy impacting corporate travel demand, airlines maintaining capacity discipline, recent airline industry mergers, and the persistent inflation risk.

Conversely, average daily rates (ADRs) for business travelers are expected to stay flat or decrease up to 5 percent year-over-year for key cities. Though pent-up demand, renewed strength in certain business sectors and increased meetings/conference spend are expected to contribute upward pressure on pricing, lower air capacity bringing fewer travelers is likely to maintain or decrease ADRs. Additionally, the abundance of short term hotel supply from 2008 - 2009, rising air prices and corporate contracts leveraging reduced rates already in place for 2010 will add further downward pressure.

Charts below illustrate year-over-year 2010 vs. 2009 ATP and ADR figures in the local currency in selected business travel destinations around the world for North American points of sale.

United States

<u>Destination</u>	<u>ATP YoY</u>	<u>ADR YoY</u>
Atlanta	-1%	3%
Boston	2%	2%
Chicago	3%	-2%
Dallas	5%	-3%
Denver	9%	-5%
Houston	6%	-4%
Los Angeles	4%	-1%
Minneapolis/St.	5%	-1%

<u>Destination</u>	<u>ATP YoY</u>	<u>ADR YoY</u>
New York	5%	-4%
Philadelphia	11%	-4%
Phoenix	12%	-6%
San Diego	16%	-6%
San Francisco	4%	-2%
Seattle	10%	-3%
Washington, DC	9%	-2%

Travel Management Trends

Egencia surveyed more than 100 travel managers on cost control measures, travel spend and expectations for 2010. According to survey respondents, 59 percent say company travel has slightly or significantly reduced this year, compared with 48 percent in October 2008. Ten percent reported a slight increase in business travel compared with only 3 percent a year ago.

The top cost-cutting measures travel managers are using include:

- Advanced booking of airline tickets (57%, up from 55% in fall 2008)
- Rigorous enforcement of travel policy (52%, up from 44%)
- Active tracking of unused tickets (45%, up from 44%)
- Requiring pre-trip approval (44%, up from 43%)

“The difficult economy of 2009 coupled with better travel management reporting and tools has driven travel and procurement managers to take stronger control of their programs,” said Pam Keenan Fritz Senior Vice President North America. “This is evident in the trends we are seeing with policy enforcement data and negotiations - one third of travel managers say they are evaluating and making changes to their travel programs more frequently.*”

Strategic meetings management has been a growing theme for the corporate travel industry in 2009, and there is healthy opportunity for further consolidation between meetings and general business travel programs into 2010. As companies resume investment in meeting and incentives, there is greater focus on budget management and delivering significant ROI on meetings spend.

Asia-Pacific

Corporate ATPs are expected to rise just slightly across Asia-Pacific markets due to increased demand outstripping supply. However, we expect fewer business travelers to the global region means lower to flat ADRs, with the exceptions of Sydney and Singapore, which may see a small rebound in pricing.

Charts below illustrate year-over-year ATP and ADR figures in U.S. dollars in selected business travel destinations for Asia-Pacific.

Destination	ATP	ADR
Beijing	4%	-8%
Delhi	4%	-4%
Hong Kong	4%	-4%
Melbourne	3%	-1%
Mumbai	1%	0%
Shanghai	2%	-1%
Singapore	1%	1%
Sydney	0%	1%
Tokyo	0%	-1%

*33% evaluating/negotiating programs more frequently versus 6% doing so less frequently

Negotiability indexes for APAC and Europe are available. Further insights into Egencia’s 2010 Corporate Travel Forecast and Negotiability Index available upon request.

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 2010.

Disclaimer

This data refers to business destinations and business travel pricing. These 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.

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