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## Priceline.com Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Our first question comes from Vance Edelson from Morgan Stanley. Your line is open.

#### Vance Edelson - Morgan Stanley

Hi, thanks a lot. One question -- with your competitors acting more aggressive, is there anything that you need to do in reaction? Would you say you sound fairly confident that the business plan is solid enough that it is going to do just fine in the face of more aggressive tactics on the part of your competitor? So any steps you are taking in response? Thanks.

#### Jeffery H. Boyd

I think my comment there would be to say that our business has always been heavily focused on promotions, especially as you get into the spring and summer peak travel periods, so even though processing fee reductions is the promotion of the day, there are always a lot of things going on and you've seen us promote our opaque services with coupons. You've seen us promote price protection on airline tickets and vacation packages for the spring period, so we will continue to respond with promotional activity but I think the most important point for us is that things like a free hotel room night every 10 days or cutting the processing fee still very much pale in comparison to the savings of 40% or 50% that you can achieve booking a name-your-own-price hotel room on Priceline.com and we have been very aggressive in marketing that advantage and successfully so based on the numbers we reported in the first quarter.

#### Vance Edelson - Morgan Stanley

Okay, so you don't have to get anymore aggressive with the marketing expense to fend off the competition?

#### Jeffery H. Boyd

I mean, look, our marketing expense is up fairly significantly in the first quarter while the two public companies that report have substantially reduced their marketing spend, so I don't see a need for us to be anymore comparatively aggressive than we are right now.

#### Vance Edelson - Morgan Stanley

Okay, that's great. Thanks a lot.

**Operator**

Our next question comes from Jennifer Watson from Goldman Sachs. Your line is open.

**Jennifer Watson - Goldman Sachs**

Great. Thank you. Obviously the international bookings growth was extremely strong when you exclude the FX impact compared, particularly compared to Q4. It really slowed down very modestly. Can you talk about what's driving the bigger deceleration in 2Q versus 1Q and does it have to do with the fact that I think some of your competitors stated that Europe really experienced the brunt of their marketing cut-backs in Q1.

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