

## — PARTICIPANTS

### Corporate Participants

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**Julie M. B. Bradley** – Chief Financial Officer, Treasurer & Senior VP

### Other Participants

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**Anthony Joseph DiClemente** – Analyst, Barclays Capital, Inc.

## — MANAGEMENT DISCUSSION SECTION

### Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.

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All right, good afternoon everybody. Hopefully people still have energy because we have a great session here. We're happy and thankful for the attendance of TripAdvisor. We have with us Julie Bradley, the CFO of TripAdvisor and Will Lyons, who runs IR and so thanks guys for coming. We really appreciate it.

### Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP

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Thanks for having us.

### Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.

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Such a great website. I truly – I wanted to just describe this anecdote because it's near and dear...

### Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP

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You're doing advertising for us.

### Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.

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No. I mean to – I went on vacation over New Year's break, and I went to a place in the islands that I thought was fairly remote with my girlfriend. And we ended up going on what was like a little bit of a catamaran really on the remote side of the island, it was awesome. And the guys that took us to the other side of the island, they barely spoke English. But when they dropped us back off at the hotel, the last thing they said to us was, "you're going to write about us on TripAdvisor?". I just felt like I was in the middle of – I was on the other side of the world, and yet these locals in the island cared about their reviews on TripAdvisor.

So anyways – so thanks for coming; hopefully we could talk a little bit about your company. Why don't we start with a couple of the following questions, and let's see who owns the stock. So can we hit it on the first question please? All right, here we go. Do you own the stock? Yes, so you guys don't get to vote.

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Okay, very good. So did you write a review?

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

I actually did not I'm embarrassed to say.

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

You are like 90% of our freeloader.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

All right. 41 responses, 71% don't own the stock. All right, let's see who might want to own the stock. Question number two, please.

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Let's see how long we stay.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Yes. Exactly – and like what percentage of your freeloaders?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

90%.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

The 90% of people...

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

90% of our traffic kind of freeload on the 10% who write the reviews and provide all that rich content so that you could have an excellent vacation.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

I'm totally a freeloader. Maybe that's a good question. How does that problem get solved? All right, what's your bias towards the stock, forty responses, let's see what we've got. Come on guys, number one. Whoa, 35% positive, 40% neutral.

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Do we get the show of hands of who's who?

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

No. Everyone is anonymous. Okay, great. So why don't we kick it off. Yes, so that's interesting that you mentioned that maybe I should just ask you about that, I mean what is it, are there catalysts, are there drivers are there ways that you could ameliorate the freeloader problem. How do you get guys like me to actually write the review? I love the site. I read the reviews, but I don't write any, what do I...

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

You will, over time. The more good experiences that you've had with the site, you'll definitely get shamed into contributing. Also...

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

It will be a guilt...

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

...you want to give back to the community.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Okay.

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

And really with our Facebook application, our instant personalization, you're starting to see your friends where – in places they've been maybe reviews, we kind of source the reviews from your friends to the top. And so that you feel like you'll get – you'll get the peer pressure from your friends as well...

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Yes.

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

...that will get you to write that review, but I'm glad you found the site useful.

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**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Okay. So now you're independent from Expedia. I guess you no longer have the benefit of being part of that and so your clicks from Expedia are – maybe we can talk about how your separation from Expedia changes the economics of your business?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Sure. So we spun-out at the end of December to a separate standalone public company and we celebrated that with opening at the NASDAQ and I think a lot of our current customers celebrated that as well. One – couple of the reasons we spun-out; one, a pure play, we – even though we Expedia and TripAdvisor are in the travel industry, we really have very different business models and also our top customers are Expedia's top competitors, the online travel agencies.

And so even though TripAdvisor was run really as a standalone company, given a lot of autonomy, there was a perception that information could be shared with our parent, competitive information. Or that Expedia was always going to get top ranking in our search results, our check rates product because spend on TripAdvisor was P&L neutral to them. And so I think by separating that out we can get a much closer relationship with our partners and continue on our investment thesis that we have been working on as part of Expedia.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Okay. So there is – because it's now a neutral transaction, there's actually a down tick in the cost per click from prior to now – so the cost per click you see from Expedia to now. You've guided towards flattish CPCs in 2012, does that include an offset from the other OTAs besides Expedia and is there a view on hotel ADRs that's built into that guidance expectation for flat CPC?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

So let's take the Expedia part first. So being under – and being part of Expedia and their spending P&L neutral to the overall they estimated that they were probably overpaying in the neighborhood of 10% to 15%. And upon – in the agreement once TripAdvisor is a standalone company that they will be reducing their CPC prices by that 10% to 15%. And there's commercial agreements to support that.

We saw that pricing rollout throughout the fourth quarter. Even though we spun out at the end of the fourth quarter, we actually saw that pricing roll out over the entire fourth quarter.

To your question about our CPC guidance for 2012 kind of being flattish year-over-year, if you take Expedia down the 10% to 15%, there is some upward pressure also related to Expedia and our site redesign efforts that we rolled out in the third quarter, where we changed the photo click link and that the biggest impact of that was to Expedia.

So let me just explain that what that was. Prior to the roll out, if you were to go to a hotel page and look at the – click to look at that photos that would take you to Expedia's professional photos and they paid us for that link. Low value link, but nonetheless a paid link. We found our users weren't really looking for the professional photos of that hotel. They wanted to see the travelers' photos, the candid photos.

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And, so in the spirit of always improving our user experience, now when you go to our hotel page, you'll see professional photos and you'll see traveler's photos. And no surprise, most of our users click on the travelers' photos, so we're not sending as much traffic for that particular product un to Expedia. But because they were low value CPCs that does mathematically kind of have a upward pressure on average CPCs. And then there is some assumption that overall pricing will slightly increase to kind of get us to that baseline of flat CPCs year-over-year.

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**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Got it. I just want to ask about competition because I want to try to understand it, because there is definitely a question about competition. I think that you guys have the content which is the reviews and there's real network effect to that, right? The more people write reviews, the more a consumer like myself would want to go to that site to see those reviews and then it's kind of a virtuous circle, isn't it? It really is a...

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**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Once you give back; you've got to give back.

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**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

I got to give back, yeah. I'm a taker, I guess. But so why do people think that – is it just because of the sheer traffic that Google delivers? So maybe you could talk about the market perception around competition, and why even though you've got the content here, why people think that the traffic distributors have a chance?

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**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Sure. So we kind of – we look at, we don't just focus on the search engines as competitors. And there is a lot of up and coming startups, social, mobile that are doing some interesting things in our space. So we're definitely mindful of them. Where we just got the clear competitive advantage against them is sheer scale; is the amount of traffic we have and the reviews, quality of the reviews, richness of the community and also being part of the Facebook graph. Those are very large hurdles to get over. But it's interesting to watch them, experiment with some new and exciting tactics and that may or may not and end up in our presentation as well.

We also look at our customers in some regards could be viewed as customers I mean as competitors as you're starting to see some of them collecting reviews or verified reviews. One thing to note is TripAdvisor is the engine behind several of those and we're helping to power them and we get brand awareness from them and we're also teaching the traveling public the importance – the importance of reviews and what we find is, in most cases they're not – the users are not just satisfied with looking at the reviews on that particular site for that particular property. They are doing more shopping comparison and then to get a more robust experience only to click through, through to TripAdvisor, so that's an area that we watch.

And then to your point on the search engines, let's take Google for example, we have multiple relationships with them; we are a large vendor; we buy a lot of traffic from Google, that team at Google likes us, I assume. And then, the search engine team, we are – our content is rich, it's relevant, highly targeted. It does very well in the algorithms that the search engines outline. So, we

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naturally will return what that Googler is looking for. So, the search engine part of Google really likes us.

And then, it comes to the travel side and they're doing some interesting things. They have the scale, which definitely increases in their importance. But, I urge you to look at the quality and content of their information and compare that to the community that TripAdvisor has built, there is scale on their side, but they don't have...

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**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

When you say scale; you mean scale is the users, not necessarily content and reviews?

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**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

The scale of users, yes.

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**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Right.

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**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Excuse me. We have much more – we have a lot more content richness tie into Facebook, we share the OTA's; there's many factors that I just listed off that aren't currently in Google's offering, but because of their resources...

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**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Right.

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**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

...and their users, they're definitely someone that we keep our eye on.

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**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Okay. I think the next two polling questions touch on what we've addressed here, so far, in terms of both revenue and competition. So we should probably do those. So, let's hit it on number three on the questions, what do you think Trip's click-based ad growth will be?

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**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

...that music.

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Yes, you love that music, right? In 2012, what are you guys rooting for on this? Probably in for a lower expectation, right?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Certainly, no comments. Is this how you're building your model?

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Yes, exactly. Okay. 56% say between 11% and 15%. What if – do you have a reaction to that Julie, what do you think about that number as...?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

So, I don't have a reaction to that...

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

No, we should talk about in terms of what's driving that, but I think we already did in terms of – well, we touched on – we touched on CPCs being flat; I actually think we didn't really discuss the order of magnitude of the volume of clicks. Do we need to cover that? Should we talk about that?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Yes, I can just quickly give you our assumptions...

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Okay.

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

...behind that. So we said that we expect hotel shoppers and I think I'll take this point just to talk a little bit about traffic and because a lot of questions from investors were about, well comScore is saying x why isn't that, directly correlated to TripAdvisor's results? And the answer there is really traffic isn't all created equally; TripAdvisor is very focused on hotel shoppers and comScore looks at total traffic. So, that's also going to include users going to our site and looking at restaurants and attractions which we do not currently monetize.

So, the best metric to use is hotel shoppers, you're not going to get that from comScore; we have it in our log files, it's a – it's a metric that we are – we're looking to see if we can share that externally going forward to help give you that tie in, that volume driver for our business.

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So we said, how do we expect hotel shoppers to continue to grow, but not at the same rates that we saw in 2011; some of that is large numbers and some of it is looking at our more mature markets where we're no longer taking market share. So we're going to start to grow in line with the market which is why our investments in international expansion and into adjacent areas are so important.

Looking at last year's results, rest of the world's revenue grew 63%, and there's a lot more growth out there. So we were really focused on international expansion that will continue to drive hotel shoppers globally and increase that overall rate.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Okay. Which may come at the expense of margins, which we'll get to in a second; can we please hit it on question number four? What do you see as the most significant investment risks for Trip? Go ahead, thanks. Okay. So we talked about Google.

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

We talked about it in the start up...

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Yes. We'll go with margins – pretty even distribution here. Interesting.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Wow.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

How effective is your business by macro risks by the first risk?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Sure.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

And, can you give us a little bit of an update of that?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Yeah. So, we like a traveling public. So the major macro economic slowdown people aren't traveling it's not ideal for TripAdvisor, but the flipside is true as well. It can't be too frothy such that you're not doing your diligence in looking for that vacation and the best rates; increasing ADRs that



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is helpful as well, and we look at – we talk a lot about CPCs but one thing to note is that our customers are – they look at our arrangement on a rev share basis. So the more profits that they have and the higher those average roommates are and higher their take rate is; the more profits that they're getting, the more they can share with TripAdvisor.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Okay. You started to get into your investments and your new initiatives and so as part of that I wanted to ask, do you have a long term, I mean as a CFO do you have a long term operating margin target range for the company, so maybe we could start with that?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Sure. So we have not given out a long term target range. We have – and there is definitely some misconception with some of our conversations that we had on the road show, we did have an illustrative post-spin operating model, but clearly articulating that that was not guidance, it was not a long term model.

What we are really trying to do is we had several step functions in the business, changes in Expedia pricing, the sites redesign and also the additional public company costs that really need – we took those snippets from our public documents and layered them on top of our 2010 numbers just to illustrate to the point that the margin profile of the company was changing because of these items.

But we also – we spoke a lot about our investments and the rationale behind it, global expansion, especially in China that we're running our China operations at a loss currently; we believe there's a huge opportunity there that we're going after.

And the extension, like in the logical extension into vacation rentals; we have a lot of traffic. We have an engaged travelling community and just by pointing a small amount of that traffic over to somebody who might be looking for a family of four, seven nights, going into Orlando, a city that there's lots of vacation rental coverage, might be the best option for them. So we want to make sure that we're providing choice to our community.

The extension into mobile is following, extending our platform and more so into the in-market searches. So it's not – you can book a hotel on our – on your smartphone, probably not as great as an experience as on your desktop, but we see that people do a lot of research and sometimes will go back in and book on their desktop versus online.

But they're doing a lot of in-market searches – where is the closest Thai restaurant to me? I need a scuba gear, where can I go? So that creates – even though we're not currently monetizing that, there's a lot branding opportunity and stickiness in engagement that we get from that.

And then the last one is, what we're doing in social in extending the friend graph to make – because most studies that we see about what our users think is relevant and when they're picking a travel destination or really [ph] planning (21:03) just about anything is, first, wisdom of friends and second, wisdom of crowds. So the more of that – more relevant touch points that we can bring to you the richer the overall experience.

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**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

The impression that I get is that the company is growing so quickly that you have multiple funds of investment. And so I just wonder, you talked about – internationally, you talked about in-market, you talked about mobile, social and...

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Vacation rentals

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

...vacation – I mean, like how do you prioritize each of these different kind of investment frontiers? I mean we can't go 100% into all of these different initiatives. How do you – is there something you and Steve model or a criteria that you use in terms of deciding how much you'll invest in each new growth opportunity versus allowing that incremental dollar of margin to drop to the bottom line?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Sure. So, first just from a high level we're in and this is for long-term growth, profitable long-term growth. And I would – I think it's important to make that we're very thrilled with our margin profile and being able to make all these investments at the same time.

And as far as prioritization international, it sounds large, but this is – the company has been at this for quite some time and how it's going to fine tune the model to get more entrenched into the markets. The upfront, setting up a new point-of-sale isn't the kind of the heavy listing in opening up new geographies; it's more – what we do is we clone the most comparable sites, we do some machine translation and we get some localization of content, make sure everything is wrapping properly; it looks and feels like a local site and then we drive traffic to it.

So that's really where the investment comes from. We're using paid search to drive trial into this geos, get adoption on to the sites, usage, content; we – you'll see localized reviews come up in the search – our search results on top of reviews that have been machine translated. We bring commerce choice in there and that kind of starts our network effect. And the more we can build out on that, the quicker we can ramp our international expansion.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Excellent. Okay. Here's what I think we should do; let's do the last two polling questions and then open it up to the audience for any questions, you may have. We'll have about 12 minutes left, how does that sound?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

That's fine.

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Okay. Earnings revisions, these two are the sensitive ones. I'm not going to ask your reaction to that. let's go for it. Have you ever done this before?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

No. I've never done this before. I mean, I've never done the polling before...

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Well, yes. Okay. 41% expect positive revision this year...

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

I wonder if there is a correlation to those stock questions...

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

We haven't – no, this question came up when we were talking about using the system. We have the capability of running an R-squared on, whether or not someone specifically answered versus owning the stock?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

One and are they in it, or do they want to be in it?

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Yes. We'll either have a beer after these presentations or run the R-squared, one of the two.

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

We'll drink beer.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Okay. Let's do the final questions please. Okay. You were saying correlation between if you own it or positive.

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Yes. Yes. Exactly.

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It wouldn't be positive and expect a negative earnings revision, because it makes no sense.

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

But what percentage have a negative view that don't own it...

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Right. Okay. Thank you everyone for participating in the poll, I appreciate it. All right. So 42% of the audiences think this company is worthy of 10 to 12 times EBITDA versus 13 today. Okay.

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

So, again you should think it's a correlation of that.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Okay. Julie I am on it.

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

All right. All right. We need more metrics.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Let's open it up to your questions please. Ask away. Thank you.

**QUESTION AND ANSWER SECTION**

<Q>: Could we return to the issue that came up at the outset, the free rider problem and how do you get lazy please like Anthony to participate, but I also confess I'm one those that also like the site...

<A – Julie Bradley – TripAdvisor, Inc.>: I didn't hear the second part of your question.

<Q>: I'm getting into that.

<A – Julie Bradley – TripAdvisor, Inc.>: Okay.

<Q>: I'm also one of those who is a free rider.

<A – Julie Bradley – TripAdvisor, Inc.>: Yes.

<Q>: And have used it extensively and found it to be very valuable. One of thing that's strikes me though is that, I have to kind of go through and do my own editing for substantive and quality of review if you will, some I just kind of discard because they seem rather superficial, impressionistic, maybe not authentic. But what has always struck me is the Zagat Guide does a great job very succinctly at capturing restaurants and TripAdvisor seems to have some slippage as far as hotel reviews. So I'm just interested in how you might fix that, because that to me seems to be a huge opportunity for you.

<A – Julie Bradley – TripAdvisor, Inc.>: Sure. So the first one is about Anthony the free rider and that is – actually the amount of our content collection has gone up significantly with the interaction with Facebook in kind of staring to show you that your friends are contributing as well. We've done other things. If you've been to the site recently, pop-under boxes that's based on kind of what you were looking at or where your IP was will ask you: Have you been here? Can you give us a quick rating? – to kind of start you getting used to providing your feedback.

And then, once you're kind of starting to provide that feedback, then we have a whole badge system that will send you emails: you're one review away from a helpful badge. And I keep thinking it's kind of akin to kindergarten, but it does work quite well.

<Q – Anthony DiClemente – Barclays Capital, Inc.>: Is that based on quantity or quality to...?

<A – Julie Bradley – TripAdvisor, Inc.>: First, I'm dealing with quantity.

<Q – Anthony DiClemente – Barclays Capital, Inc.>: Quantity, right.

<A – Julie Bradley – TripAdvisor, Inc.>: Getting people engaged in a community to give back, sending you emails. Someone gave you a like vote, a helpful vote for the review that you wrote, so trying to appeal to that you're worthy of – that you've been helpful.

Regarding – so we've done some questions about, should we have curated reviews or more editorial. And the spirit of TripAdvisor is user generated. We will definitely sort through for things that are non family-friendly or inappropriate, but to give you a flavor of the full view.

But we understand that there's a lot of volume there. So you'll see like summary tabs, style buttons so that – to help you identify what you're looking for. And that could – you could say, well, I have – the last trip I booked, I was with my family, so I'm only going to show things, kind of put you in more personas. But that's not the case; we all know that we go on family trips and when we go on vacations. And so that's why we have the style buttons too, so that you can say I'm going on a

business trip or on a romantic trip or a family trip to try to filter out the appropriate content that is going to help you plan the best vacation.

**<Q – Anthony DiClemente – Barclays Capital, Inc.>:** By the way, is there a bias in terms of like a directional – a preference bias? So like, if you really enjoy your hotel stay, are you more or less likely to write a review versus if you really hated it. Are you more or less likely write a review?

**<A – Julie Bradley – TripAdvisor, Inc.>:** So the average reviews on TripAdvisor are close to four. So I would think that begs – that says you're more likely to – hey, this was great; I really enjoyed it. I mean was I recently at a hotel over February break and I was so pleased with the level of the staff, the attentiveness that I felt compelled because of – there was definitely a TripAdvisor sticker there.

**<Q – Anthony DiClemente – Barclays Capital, Inc.>:** Do you feel compelled because you work for the company?

**<A – Julie Bradley – TripAdvisor, Inc.>:** I felt even more compelled; even my husband felt compelled. But you do get the reviews that are – they are scorch the earth, that this is a horrible experience and I'm going to let everyone else know. And then you'll see those histograms of do you – if you want to look at – and I urge you all when you're booking your trip, you should look at the extremes just to get an overall flavor for it, but the bulk of the hotel is going to give you the – the thick part of the curve is going to give you the best overall experience.

**<Q – Anthony DiClemente – Barclays Capital, Inc.>:** And by the way, if you get a scorched earth review does that – do you have situations where the hotel really calls you and protests that review and tries to get you to pull it off the system? Have you had problems like that?

**<A – Julie Bradley – TripAdvisor, Inc.>:** So, we're not going to – we don't pull reviews unless they're fraudulent or inappropriate, not family friendly.

**<Q – Anthony DiClemente – Barclays Capital, Inc.>:** Right.

**<A – Julie Bradley – TripAdvisor, Inc.>:** But, we do urge the hotel managers to write a response.

**<Q – Anthony DiClemente – Barclays Capital, Inc.>:** Okay.

**<A – Julie Bradley – TripAdvisor, Inc.>:** And that would get – that gets published right under – in conjunction with the scorched earth review and you get a chance to say kind of your side of the story.

**<Q – Anthony DiClemente – Barclays Capital, Inc.>:** That's cool. Question?

**<Q>:** I wanted to follow up on the Expedia pricing question. It sounded like that the 10% to 15% CPC decrease was contractually guaranteed. I was wondering if you'd give any more color on the terms of that, what's the length of that agreement and do you feel like that gets them to sort of the free market economically justifiable rate or that there might be more movement in that CPC?

**<A – Julie Bradley – TripAdvisor, Inc.>:** Sure. So, we do have a contractual arrangement with Expedia; there is an 8-K that was filed in late December that covers all of our agreements with Expedia: our transition service agreement, our commercial agreement, tax sharing agreements. The commercial agreement is heavily redacted, but for competitive terms. But there are floors in the agreement that gives us confidence that – of the 10% to 15% discount rate.

<Q>: Okay. So I guess that they give you confidence that Expedia is now bidding what they feel like justifies their ROI or margin or whatever that profile may be, or that it might still be artificially inflated and once that agreement lapses, there may – their CPC may decrease further?

<A – Julie Bradley – TripAdvisor, Inc.>: So, in constructing the agreement the goal was to get to kind of an arm's length arrangements with them and the thought was that they were probably paying – overpaying by about 10% to 15%.

<Q – Anthony DiClemente – Barclays Capital, Inc.>: Okay. Other questions? Do you want to talk a little bit more about – go ahead, sorry.

<Q>: Just to further understand the relationship with Expedia, I believe I saw a release from them last week where they talked about how they're ramping up their own reviews on their site and they didn't mention TripAdvisor in that. So, I was unclear, are they using your reviews and re-branding them Expedia reviews or is it their own, in a way, competitive stronger offering?

<A – Julie Bradley – TripAdvisor, Inc.>: So, Expedia is currently collecting reviews. I think they have been for some time and those are Expedia's reviews. So, when we're talking about potential competitive threats from OTAs and hotel partners collecting their own reviews, that is one of them. We feel that we have a competitive – significant competitive advantage from the sheer number of our reviews and the community aspect of it and then being able to offer our user community the choice of booking engines.

<Q>: So, what percent of US reviews are TripAdvisor reviews for hotels, is there any way to know that?

<A – Julie Bradley – TripAdvisor, Inc.>: So over 60 million reviews and – I don't know. I am guessing. It would be a good stat to analyze.

<Q – Anthony DiClemente – Barclays Capital, Inc.>: Yes. I mean. That's...

<A – Julie Bradley – TripAdvisor, Inc.>: After the R-cubed analysis.

<Q – Anthony DiClemente – Barclays Capital, Inc.>: I guess. Okay. I wanted to ask you one more question, which is about mobile because I'm really curious as to how mobile changes the TripAdvisor experience for the user. I haven't used TripAdvisor; I have the app, but I haven't use it on a mobile device yet. In terms of writing the review, reading a review, using it and clicking through to your booking, can you just talk a little bit about that and then your strategy towards attacking that market?

<A – Julie Bradley – TripAdvisor, Inc.>: Sure. So we view the mobile market as following the user onto an extension of the platform. We have all the functionality that exists on the desktop. You can research reviews in hotels; you can book a hotel. There will be more of a tab-type of display to click through to one of the OTA partners. You can look up ratings and reviews on restaurants and attractions.

Where we would say that we are not currently monetizing mobile, you won't see display ads on there. So we're trying to give you as much white space – clear space on the device as possible. The – we find that more users will do their research and then they will book on desktop or tablets because it's just easier to enter in your credit card information and so forth.

<Q – Anthony DiClemente – Barclays Capital, Inc.>: I mean I read a TripAdvisor review on my iPad, but when I actually book I'll do it from my PC?

**<A – Julie Bradley – TripAdvisor, Inc.>**: Yes. I would distinguish between smartphones there and tablets and tablets actually monetize this quite well and when you're couch surfing and we also have a – we see a good conversion rate, but there's also the demographics of the people that have tablets versus smartphones, so there is some discrepancy there.

But we see a lot of in-market searches looking where is that local Thai restaurant; I just landed in Aruba, I want to go scuba diving where is the top rated scuba diving outfit and get a lot of questions about why – how come you're not charging and why aren't you monetizing that? And because of our investment thesis around mobile in that case is we are becoming much more sticky where we're getting that user engagement such that further down the road we have – there is a better conversion rates on the mobile as we go to monetize those items.

**<Q – Anthony DiClemente – Barclays Capital, Inc.>**: And then do you think – this is just a basic question, but I guess the way that people did research prior is some of the rankings that are out there by the traditional media publications like travel magazines are like – are those all going away now that we have TripAdvisor, I mean?

**<A – Julie Bradley – TripAdvisor, Inc.>**: Well, we have best hotels; we have lot of – we have our own rankings that we backup with data from travelers and their commentary. So I 'm – not want to say that they are going away, but as more and more of the travelling public moves from offline and to online TripAdvisor is going to be the benefactor of that.

**<Q – Anthony DiClemente – Barclays Capital, Inc.>**: Final question, anyone, for Julie and or Will; one more?

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Great.

**Anthony Joseph DiClemente, Analyst, Barclays Capital, Inc.**

Okay. Great.

**Julie M. B. Bradley, Chief Financial Officer, Treasurer & Senior VP**

Thank you, very much. It was nice meeting with many of you today and I hope you all use the site.

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