Priceline Inc. (PCLN)
United States
Internet Retail

Price (12/07/10):	$412.93
Market Value ($mns):	$20,270
Priceline 2010 Price/Earnings:	32.8x
S&P500 2010 Market PE:	15.3x
Company Type:	Speculative/Early Stage
Valuation: $334.42(-19%), Model: Intrinsic Value(avg.)	
Recommendation:	Sell

Summary:
Priceline Inc. (PCLN) is a sell. Although there is intense competition in North America (more specifically in the United States), the international market is basically untouched. International business accounts for much of Priceline's profits and the potential growth abroad is high. There are huge growth potentials for the PC and internet industry on the international scene. As PCLN is an internet based company, it stands to benefit from this growth both abroad and domestically. Priceline is positioned to capture this growing market while continuing to service current customers.

Background:
Priceline Inc. established in 1998 acts as an intermediary between consumers and travel related service providers by reducing search costs and allowing consumers to compare suppliers. These travel services include: airline tickets, hotel rooms, car rentals, cruises, and vacation packages. International business accounts for 61% of gross bookings (total dollar value of travel services purchased by customers) and 75% of consolidated operating income in 2009.

The international division of Priceline Inc. has operations in over 90 countries and 32 languages. Hotel room reservations are the only travel service offered internationally. PCLN is known by booking.com on the international scene. Agoda has recently been acquired and is the main search engine for hotel rooms in Southeast Asia. Also, Travel Jigsaw, a car rental search company servicing Europe, was acquired in May 2010.

Travel services offered in North America account for 25% of consolidated operating income. All services are offered as opposed to only hotel room reservations. Unique to North America and Priceline.com is the "Name Your Own Price" service. This allows users to obtain cheaper travel services by offering their own price. However, customers trade off flexibility about brands and/or service features.

Positive Factors:
1. Growth has been consistent. Year over year PLNC has had a revenue growth of around 27% and earning per share has increased an astounding 53% (even though they do not pay dividends). These numbers are led primarily by international growth and increased market share (especially abroad). Gross travel bookings have increased 59% in just one year abroad. 2010 estimates are on par with this growth.

2. Earnings per share are expected to double from 3 years ago. Because PLNC has yet to pay a dividend they are able to reinvest that cash in the business, more specifically international acquisitions. The international market is key to increasing net income.

3. Recent acquisitions of booking.com, Agoda, and Travel Jigsaw position Priceline to "become the leading worldwide online hotel reservation service," which is in line with current strategy. International growth allows Priceline to compete more intensely domestically.

4. International brand awareness gives PLNC a competitive edge. The recent acquisitions of well-known brands lower the cost of advertising and significant startup costs with the attendant risks. However, Priceline plans to increase international advertising (mainly on search engines) to capture the growing market.

Negative Factors:
1. The intrinsic value model used places significant weight on FCFF and FCFE. Both these parts price PCLN well below $400.

2. Innovation is being sacrificed for a greate international presence. Priceline is investing mos resources in the international division, and less in th fiercely competitive North American market. Thi could lead to future unprofitability and eventual exit o this vital market.

3. Competition among the major companies (Expedi and Orbitz) in the internet retail industry in the Unite States has led to the recent elimination of airline ticke booking fees. This is one reason why internationa operating income has risen above domestic income Price-disclosed hotel booking fees have been reduce and priceline.com hotel change fees have bee eliminated because of this intense domesti competition.

4. International profits could potentially be cripple as the internet becomes regulated and subject t international law and taxing. The internet is a relativel new market that has yet to be utilized by most foreig governments as a form of significant tax revenue i most countries.

5. International profit is subject to currenc fluctuations. PCLN is in 90 countries, which profi must be converted to USD. This risk adds increase volatility to estimates.

6. Substantial losses in the beginning years o company existence have set a pattern of little to n income tax liability due to tax law. This reserve wil soon be depleted with its attendant financial benefits.

Things to Watch:
Growth of international PC sales, announcement c dividends, announcement of international acquisition international vs. domestic economic growth.

EPS Estimates	12/10	12/11	Date
Bradley Eustice	12.31	16.37	12/10
Morgan Keegan	12.27	16.45	12/10
Citigroup	12.06	17.05	12/10
Zacks Mean (st. dev.)	12.20(.17)	16.60(.79)	12/10

Priceline Financial Statements

Analysis Period from Dec-00 - Dec-09, Forecast Period from Dec-10 to Dec-14

Dec	Historical										Projected				
	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
Exhibit 1: Income Statement															
Net Sales															
Sales (Net)	1,235.4	1,171.8	1,003.6	863.7	914.4	962.7	1,123.1	1,390.8	1,884.8	2,338.2	3,039.7	3,951.6	5,137.1	6,678.2	8,681.6
Costs and Expenses															
Cost of Goods Sold	1,027.4	962.5	827.3	717.7	715.3	692.9	720.5	769.6	928.4	1,077.4	1,367.9	1,778.2	2,311.7	3,005.2	3,906.7
Gross Profit	208.0	209.2	176.3	145.9	199.0	269.8	402.6	621.2	956.4	1,260.8	1,671.8	2,173.4	2,825.4	3,673.0	4,774.9
Selling, General, & Admin Expenses	258.6	202.7	154.0	119.9	154.2	204.9	307.2	410.2	623.7	748.1	1,003.1	1,304.0	1,695.2	2,203.8	2,864.9
Research and Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Income Before Depreciation	-50.6	6.5	22.3	26.0	44.8	64.9	95.4	211.0	332.7	512.7	668.7	869.3	1,130.2	1,469.2	1,910.0
Depreciation, Depletion, & Amortiz	15.8	16.3	17.9	11.5	14.4	27.3	34.9	37.5	43.2	39.2	40.5	39.5	39.1	39.0	39.0
Operating Income After Depreciation	-66.4	-9.8	4.4	14.5	30.4	37.5	60.5	173.5	289.5	473.5	628.2	829.9	1,091.0	1,430.2	1,870.9
Interest Income	9.7	7.0	2.8	2.5	5.1	5.6	11.3	22.4	11.7	2.2	30.8	48.3	65.7	90.5	123.7
Nonop. Income (Expense)- Ex Int Inc	0.0	0.5	1.1	2.3	-0.5	0.1	-4.2	-8.3	0.1	-5.6	0.0	0.0	0.0	0.0	0.0
Special Items	-258.4	-5.0	-27.5	-6.5	0.0	-1.7	1.5	-32.2	0.0	-3.7	0.0	0.0	0.0	0.0	0.0
Non-Operating Income/Expense, Total	-248.7	2.5	-23.6	-1.6	4.6	4.0	8.7	-18.1	11.8	-7.1	30.8	48.3	65.7	90.5	123.7
Earnings Before Interest and Taxes (EBIT)	-315.1	-7.3	-19.2	12.8	35.0	41.5	69.1	155.4	301.3	466.4	659.0	878.2	1,156.7	1,520.7	1,994.6
Interest Expense	0.0	0.0	0.0	0.9	3.7	5.1	7.1	10.4	9.4	24.1	32.2	44.6	37.7	37.7	37.7
Pretax Income	-315.1	-7.3	-19.2	11.9	31.3	36.5	62.1	145.0	291.9	442.3	626.8	833.6	1,119.1	1,483.0	1,956.9
Income Taxes - Total	0.0	0.0	0.0	0.0	-0.2	-156.3	-12.4	-12.1	98.4	-47.2	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Note 1)															
Income Before Extraordinary Items & Discontinu	-315.1	-7.3	-19.2	11.9	31.5	192.7	74.5	157.1	193.5	489.5	626.8	833.6	1,119.1	1,483.0	1,956.9
Extraordinary Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income (Loss) (PAT)	-315.1	-7.3	-19.2	11.9	31.5	192.7	74.5	157.1	193.5	489.5	626.8	833.6	1,119.1	1,483.0	1,956.9
EBIT (PAT+IE+Tax) (Note 1)	-315.1	-7.3	-19.2	12.8	35.0	41.5	69.1	155.4	301.3	466.4	659.0	878.2	1,156.7	1,520.7	1,994.6
EBITDA (PAT+IE+Taxes+DA)	-50.6	6.5	22.3	26.0	44.8	64.9	95.4	211.0	332.7	512.7	668.7	869.3	1,130.2	1,469.2	1,910.0
Earnings per share (diluted) …		(0.04)	(0.08)	0.31	0.74	4.15	1.67	3.45	3.98	9.88	12.31	16.37	21.98	29.13	38.43
EPS Forecasts from Yahoo!											13.2	17.6			

Notes:

1. There are $500+ deferred tax assets to cover i

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Exhibit 2: Balance Sheet															
Current Assets															
Cash	90.6	99.9	67.2	93.7	101.3	80.3	423.6	385.4	364.6	202.1	1,060.3	1,606.4	2,453.1	3,589.7	5,106.2
Short-Term Investments	11.0	64.7	82.4	174.2	146.4	95.1	10.4	123.8	101.4	599.3	599.3	599.3	599.3	599.3	599.3
Cash and Cash Equivalents	101.5	164.6	149.6	268.0	247.7	175.4	434.0	509.2	466.0	801.5	1,659.6	2,205.8	3,052.5	4,189.0	5,705.5
Receivables - Total (Net)	13.9	15.7	13.6	10.8	18.3	30.0	48.5	70.7	92.3	118.7	152.0	197.6	256.9	333.9	434.1
Inventories - Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Assets - Other	15.8	5.0	6.3	4.8	6.6	18.2	20.5	33.1	65.5	102.8	136.8	177.8	231.2	300.5	390.7
Total Current Assets	131.2	185.3	169.6	283.5	272.5	223.7	503.1	613.0	623.8	1,022.9	1,948.4	2,581.2	3,540.5	4,823.4	6,530.3
Plant, Property & Equip (Gross)	52.2	65.6	71.5	75.5	85.5	95.3	107.1	86.5	106.1	108.0	138.0	168.0	198.0	228.0	258.0
Accumulated Depreciation	15.1	33.3	50.1	59.0	69.7	77.1	85.4	59.4	76.7	77.5	108.7	139.0	169.1	199.2	229.2
Plant, Property & Equip (Net)	37.1	32.3	21.4	16.5	15.8	18.3	21.7	27.1	29.4	30.5	29.3	29.0	28.9	28.8	28.8
Investments at Equity	0.0	0.0	6.4	17.4	9.4	10.7	9.6	9.2	8.9	0.0	1.5	2.0	2.6	3.3	4.3
Investments and Advances - Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.2	0.4	0.0	0.0	0.0	0.0	0.0
Intangibles	0.0	23.6	10.5	15.8	237.8	348.1	379.6	469.9	520.1	522.7	728.0	790.3	1,027.4	1,335.6	1,736.3
Deferred Charges	0.0	0.0	0.0	3.9	6.1	4.7	11.9	10.0	6.3	2.2	3.0	4.0	5.1	6.7	8.7
Assets - Other	26.8	21.0	3.3	0.6	0.4	148.6	179.8	219.1	155.2	255.5	304.0	395.2	513.7	667.8	868.2
Total Assets	195.1	262.2	211.2	337.8	542.1	754.0	1,105.6	1,350.9	1,344.0	1,834.2	3,014.3	3,801.6	5,118.2	6,865.7	9,176.6
Current Liabilities															
Accounts Payable	40.7	45.9	35.4	25.1	40.6	37.9	49.0	47.7	46.3	60.6	91.2	118.5	154.1	200.3	260.4
Notes Payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accrued Expenses	33.2	36.2	27.9	21.0	23.6	19.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taxes Payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt (Long-Term) Due In One Year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	569.8	393.0	159.9	174.0	0.0	0.0	0.0	0.0
Other Current Liabilities	5.4	5.1	2.1	3.5	10.1	13.3	51.6	77.3	107.4	188.3	258.4	335.9	462.3	634.4	868.2
Total Current Liabilities	79.3	87.3	65.3	49.6	74.4	71.0	100.7	694.8	546.7	408.8	523.6	454.4	616.4	834.8	1,128.6
Long Term Debt	0.0	0.0	0.0	124.5	224.4	223.5	568.9	0.0	0.0	0.0	471.0	471.0	471.0	471.0	471.0
Deferred Taxes (Balance Sheet)	0.0	0.0	0.0	0.0	25.7	42.4	39.7	46.5	48.9	43.8	64.5	79.0	102.7	133.6	173.6
Investment Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	4.3	23.7	22.5	17.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities - Other	5.1	2.8	0.7	1.1	0.7	10.9	11.9	13.4	18.0	24.1	31.2	39.5	51.4	66.8	86.8
Total Liabilities	84.4	90.1	66.0	175.2	329.5	371.5	743.6	771.7	613.6	476.6	1,090.2	1,044.0	1,241.6	1,506.1	1,860.1
(Note 1)															
Shareholders' Equity															
Preferred Stock	359.6	25.3	13.5	13.5	13.5	13.5	13.5	0.0	0.0	36.0	36.0	36.0	36.0	36.0	36.0
Common Stock	1.5	1.8	1.9	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Capital Surplus	1,605.9	2,015.8	2,033.9	2,054.2	2,063.0	2,062.4	2,070.4	2,124.0	2,177.0	2,289.9	2,355.1	2,355.1	2,355.1	2,355.1	2,355.1
Retained Earnings (Net Other)	-1,529.6	-1,544.3	-1,565.8	-1,554.8	-1,513.5	-1,343.0	-1,235.7	-1,056.2	-953.4	-457.7	169.1	1,002.7	2,121.7	3,604.7	5,561.7
Less: Treasury Stock	326.6	326.6	338.4	350.6	350.6	350.6	486.5	489.1	493.6	511.0	636.6	636.6	636.6	636.6	636.6
Total Shareholders' Equity	110.7	172.1	145.1	162.6	212.6	382.5	362.0	579.1	730.4	1,357.6	1,924.0	2,757.6	3,876.6	5,359.6	7,316.6
Total Liabilities and Shareholders Equity	195.1	262.2	211.2	337.8	542.1	754.0	1,105.6	1,350.9	1,344.0	1,834.2	3,014.3	3,801.6	5,118.2	6,865.7	9,176.6
Check on Assets and Liabilities and Equity (A-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes:

1. 471 forcasted Long Term Debt from most rec

Priceline Financial Statements

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Dec	Historical										Projected				
	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
Exhibit 3: Simplified Cash Flow and Present Valu															
1. Check on Cash: (CFO+CFF+CFI)	-47.4	22.9	-32.6	26.2	5.9	-18.6	338.2	-46.0	-5.2	-160.8	858.2	546.1	846.7	1,136.5	1,516.5
Beginning Cash (end previous year)	133.2	90.6	99.9	67.2	93.7	101.3	80.3	423.6	385.4	364.6	202.1	1,060.3	1,606.4	2,453.1	3,589.7
Ending Cash (end current year)	90.6	99.9	67.2	93.7	101.3	80.3	423.6	385.4	364.6	202.1	1,060.3	1,606.4	2,453.1	3,589.7	5,106.2
Change in Cash and Marketable Securities	-42.6	9.4	-32.8	26.6	7.5	-20.9	343.2	-38.2	-20.8	-162.4	858.2	546.1	846.7	1,136.5	1,516.5
Difference/FEX: (- add to cash)	4.8	-13.6	-0.2	0.4	1.7	-2.3	5.0	7.8	-15.6	-1.7	0.0	0.0	0.0	0.0	0.0
Net Profit	-315.1	-7.3	-19.2	11.9	31.5	192.7	74.5	157.1	193.5	489.5	626.8	833.6	1,119.1	1,483.0	1,956.9
Cash Flow from Operations															
Depreciation and Amortizations	17.4	16.6	18.3	11.9	15.6	27.3	36.8	40.7	46.8	41.7	31.1	30.4	30.1	30.0	30.0
Change in Current Assets less cash (PY-CY)	37.9	-44.7	-17.0	-87.4	18.5	27.9	63.8	-148.1	-31.6	-561.5	-67.3	-86.6	-112.6	-146.4	-190.3
Change in Current Liabilities (CY-PY)	40.0	8.0	-22.0	-15.7	24.8	-3.4	29.7	594.2	-148.2	-137.9	114.8	-69.1	162.0	218.3	293.8
Other cash flows (calculated difference)	-115.1	48.3	21.5	111.3	-16.8	10.8	-18.2	-330.7	448.6	1,167.4					
Operating Activities - Net Cash Flow (Note 1)	-19.7	28.1	0.8	20.0	42.0	62.6	112.1	156.0	315.6	509.7	705.5	708.2	1,198.6	1,584.9	2,090.5
Cash Flow from Financing															
Cash Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in Long-Term Liab. (CY-PY)	5.1	-2.3	-2.1	124.9	129.5	45.4	342.5	-566.0	-10.0	0.9	498.8	22.9	35.6	46.2	60.1
Change in Share. Equity - RE (SE-RE) (CY-PY)	57.3	76.1	-5.5	6.5	8.8	-0.6	-127.8	37.6	48.5	131.5	-60.4	0.0	0.0	0.0	0.0
Other flows from financing (calculated differenc	-48.4	-22.8	-1.0	-12.5	-31.0	-31.6	-57.4	547.9	-207.4	-301.3					
Financing Activities - Net Cash Flow	14.0	51.0	-8.6	118.8	107.2	13.2	157.3	19.4	-168.8	-169.0	438.4	22.9	35.6	46.2	60.1
Cash Flow from Investing															
Capital Expenditures (change in Gross fixed asse	-37.3	-9.4	-9.1	-6.6	-6.9	-11.0	-12.9	-15.9	-18.3	-15.1	-30.0	-30.0	-30.0	-30.0	-30.0
Change in remaining LT Assets (PY-CY)	175.4	-17.8	24.4	-17.6	-216.0	-258.4	-68.8	-129.9	20.0	-90.1	-255.7	-154.9	-357.4	-464.6	-604.0
Other cash flows from investing (calculated diff)	-179.7	-28.9	-40.1	-88.5	79.5	174.9	150.5	-75.7	-153.6	-396.3					
Investing Activites - Net Cash Flow (Note 2)	-41.7	-56.2	-24.8	-112.7	-143.4	-94.5	68.8	-221.5	-151.9	-501.5	-285.7	-184.9	-387.4	-494.6	-634.0
2. Present Value of Free Cash Flows															
a. Free Cash Flow to the Firm															
EBIT	-315.1	-7.3	-19.2	12.8	35.0	41.5	69.1	155.4	301.3	466.4	659.0	878.2	1,156.7	1,520.7	1,994.6
- Taxes	0.0	0.0	0.0	0.0	0.2	178.0	13.8	12.9	-101.6	49.7	0.0	0.0	0.0	0.0	0.0
EBIT after tax	-315.1	-7.3	-19.2	12.8	35.3	219.6	82.9	168.4	199.7	516.1	659.0	878.2	1,156.7	1,520.7	1,994.6
+ Depreciation Expense (from CFO line 1)	17.4	16.6	18.3	11.9	15.6	27.3	36.8	40.7	46.8	41.7	31.1	30.4	30.1	30.0	30.0
- Capital Expenditures (change in Gross PP&E)	-37.3	-9.4	-9.1	-6.6	-6.9	-11.0	-12.9	-15.9	-18.3	-15.1	-30.0	-30.0	-30.0	-30.0	-30.0
- Change in Net Working Capital (-(WCCF-Prev	-33.8	-11.7	10.7	1.0	0.1	24.0	2.3	9.0	24.0	-17.3	-2.8	9.1	-13.8	-25.7	-43.4
Operating Free Cash Flow (after tax)	-368.9	-11.9	0.6	19.1	44.0	259.8	109.2	202.1	252.2	525.3	657.4	887.7	1,143.0	1,495.0	1,951.2

Priceline Financial Statements

Analysis Period from Dec-00 - Dec-09, Forecast Period from Dec-10 to Dec-14

Dec	Historical										Projected				
	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
b. Free Cash Flow to Equity															
EBIT	-315.1	-7.3	-19.2	12.8	35.0	41.5	69.1	155.4	301.3	466.4	659.0	878.2	1,156.7	1,520.7	1,994.6
- Interest Expense (note 4)	0.0	0.0	0.0	0.9	3.7	5.1	7.1	10.4	9.4	24.1	32.2	44.6	37.7	37.7	37.7
EBT before tax	-315.1	-7.3	-19.2	11.9	31.3	36.5	62.1	145.0	291.9	442.3	626.8	833.6	1,119.1	1,483.0	1,956.9
Taxes	0.0	0.0	0.0	0.0	0.2	156.3	12.4	12.1	-98.4	47.2	0.0	0.0	0.0	0.0	0.0
Profit After Tax	-315.1	-7.3	-19.2	11.9	31.5	192.7	74.5	157.1	193.5	489.5	626.8	833.6	1,119.1	1,483.0	1,956.9
+ Depreciation Expense (from CFO line 1)	17.4	16.6	18.3	11.9	15.6	27.3	36.8	40.7	46.8	41.7	31.1	30.4	30.1	30.0	30.0
- Capital Expenditures (change in Gross PP&E)	-37.3	-9.4	-9.1	-6.6	-6.9	-11.0	-12.9	-15.9	-18.3	-15.1	-30.0	-30.0	-30.0	-30.0	-30.0
- Change in Net Working Capital (Note 3)	-33.8	-11.7	10.7	1.0	0.1	24.0	2.3	9.0	24.0	-17.3	-2.8	9.1	-13.8	-25.7	-43.4
- Principal Debt Repayments (LTD-PrevLTD)	0.0	0.0	0.0	124.5	99.9	-0.9	345.3	-568.9	0.0	0.0	471.0	0.0	0.0	0.0	0.0
Free Cash Flow to Equity	-368.9	-11.9	0.6	142.7	140.1	232.1	446.1	-378.0	246.0	498.7	1,096.2	843.0	1,105.3	1,457.3	1,913.5

Notes:

1. CY = Current Year, PY = Previous Year. Tlwhether an increase or decrease is a use or source of cash.
2. This cash flow statement includes every line irrectly (I.e. Current Assets less cash) or indirectly, i.e., (net PP&E is not covered as this covers Gross Pleciation).
3. Working capital (WC) for Cash Flow purposes minus current liabilities excluding cash and short-term debt (which includes notes payable, accounts payable, and current por Cash equivalents are excluded as we are trying to explain these. Notes payable and current portion of of LT debt are exwith explicit interst costs that make them financing, rather than operating items. For ease of calculation, I added in E4-8 al for Cash Flow. This is just the difference between last year and this year. The formula is (CA(t)-Cash(t))-(CL(t)-AP(t)-NP'ash(t-1))-(CL(t-1)-AP(t-1)-NP(t-1)-CPLTD(t-1)) * -1 or (-(WCCF-PrevWCCF) from Exhibit 4, Section 8
4. Interest expense is a financing rather than an ore added back.

Priceline Financial Statements

Analysis Period from Dec-00 - Dec-09, Forecast Period from Dec-10 to Dec-14

Dec	Historical										Projected				
	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
Exhibit 4: Key Financial Ratios															
1. Du Pont ROE Decomposition *															
Tax Burden (PAT/Pretax Profit)	100.0%	100.0%	100.0%	100.0%	100.6%	528.7%	120.0%	108.3%	66.3%	110.7%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest Burden (Pretax Profit/EBIT)	100.0%	100.0%	100.0%	92.9%	89.4%	87.8%	89.8%	93.3%	96.9%	94.8%	95.1%	94.9%	96.7%	97.5%	98.1%
Operating Margin (EBIT/Sales)	-5.4%	-0.8%	0.4%	1.7%	3.3%	3.9%	5.4%	12.5%	15.4%	20.2%	20.7%	21.0%	21.2%	21.4%	21.6%
Asset Turnover (Sales/Assets)	6.33	4.47	4.75	2.56	1.69	1.28	1.02	1.03	1.40	1.27	1.01	1.04	1.00	0.97	0.95
Leverage (Assets/Equity)	1.76	1.52	1.46	2.08	2.55	1.97	3.05	2.33	1.84	1.35	1.57	1.38	1.32	1.28	1.25
Return on Equity (PAT/Equity or 1*2*3*4*5)	-284.8%	-4.2%	-13.2%	7.3%	14.8%	50.4%	20.6%	27.1%	26.5%	36.1%	32.6%	30.2%	28.9%	27.7%	26.7%
Internal Growth Rate (ROE * (1- payout ratio)	-284.8%	-4.2%	-13.2%	7.3%	14.8%	50.4%	20.6%	27.1%	26.5%	36.1%	32.6%	30.2%	28.9%	27.7%	26.7%
Rolling 3-year Internal Growth Rate	44.1%	42.1%	-215.4%	-3.7%	2.3%	22.8%	27.7%	32.1%	24.7%	29.8%	31.6%	32.9%	30.5%	28.9%	27.8%
2. Market Valuation Data															
Price/Earnings (PE=P/EPS)	-1	-163	-19	59	32	5	26	33	19	22	32.71	24.60	18.32	13.83	10.48
Price/Book (PBV=P/BVS)	2	7	3	4	5	3	5	9	5	8	10.66	7.44	5.29	3.83	2.80
Price/Sales (PS=P/SPS)	0	1	0	1	1	1	2	4	2	5	6.75	5.19	3.99	3.07	2.36
Dividend Yield (DY=DPS/P)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Price/Operating Cash Flow (POCF=P/OCFS)	-11	42	447	35	24	17	17	34	11	21	29.07	28.96	17.11	12.94	9.81
Price/EBIT (PEBIT=P/EBITS)	-1	-163	-19	54	28	25	28	34	12	23	31.12	23.35	17.73	13.48	10.28
Price/EBITDA (PEBITDA=P/EBITDAS)	-4	184	16	27	22	16	20	25	11	21	30.66	23.59	18.14	13.96	10.74
* Price/Net Tangible Assets	0	3	1	1	1	1	1	2	2	5	5.21	4.51	3.43	2.59	1.96
PE to IGR (PE/Internal Growth Rate)	NA	NA	NA	8	2	0	1	1	1	1	1.00	0.81	0.63	0.50	0.39
PE to Earnings Growth (PE/Earnings Growth Ra	NA	NA	NA	0	0	0	0	0	1	0	1.33	0.75	0.53	0.43	0.33
Enterprise Value/Earnings	0	-156	-11	44	28	5	24	29	15	19	29.92	21.63	15.36	10.82	7.43
Enerprice Value/Gross Profit	1	5	1	4	5	4	4	7	3	7	11.22	8.30	6.08	4.37	3.04
Enterprise Value/Sales	0	1	0	1	1	1	2	3	2	4	6.17	4.56	3.35	2.40	1.67
Enterprise Value/EBIT	0	-156	-11	41	26	23	25	29	10	20	28.46	20.54	14.86	10.55	7.29
Enterprise Value/EBITDA	-3	176	9	20	20	15	18	21	9	18	28.04	20.74	15.21	10.92	7.61
Cash & Equivalents as a % Market Value	43.9%	12.6%	41.6%	39.8%	27.0%	19.8%	27.2%	11.5%	15.4%	8.1%	8.4%	11.2%	15.4%	21.2%	28.9%
Operating Cash Flow % of Net Worth (OCF/SE)	-17.8%	16.3%	0.6%	12.3%	19.8%	16.4%	31.0%	26.9%	43.2%	37.5%	36.7%	25.7%	30.9%	29.6%	28.6%
Market Value of the Firm (in millions) (P*CSO)	231	1,304	360	673	917	886	1,597	4,419	3,018	9,955	19,769	19,769	19,769	19,769	19,769
Enterprise Value (MV+Preferred Equity+Minori	130	1,139	210	530	898	958	1,754	4,496	2,945	9,314	18,754	18,034	17,187	16,051	14,534
* Net Tangible Assets	718	441	345	560	722	862	1,584	2,348	1,984	2,233	3,936	4,546	5,985	7,907	10,465
3. Relative Data *															
Relative PE versus S&P500 (PE/PE Index)	-0.03	-2.68	-0.60	2.56	1.54	0.31	1.54	1.91	1.26	1.23	2.10	1.91	1.62	1.29	1.04
Premium (Discount) to the market PE	NA	NA	NA	156%	54%	-69%	54%	91%	26%	23%	110%	91%	62%	29%	4%
Relative PE versus the Industry PE (PE/PE Indus	-	-	-0.25	0.69	0.33	0.09	0.55	0.53	0.71	0.40	0.47	0.37	0.29	0.23	0.19
Premium (Discount) to the Industry PE	-	-	NA	-31%	-67%	-91%	-45%	-47%	-29%	-60%	-53%	-63%	-71%	-77%	-81%
4. Profitability															
Gross Profit Margin (Sales-CGS)/Sales	16.8%	17.9%	17.6%	16.9%	21.8%	28.0%	35.8%	44.7%	50.7%	53.9%	55.0%	55.0%	55.0%	55.0%	55.0%
Operating or EBIT Margin (OM/Sales)	-25.5%	-0.6%	-1.9%	1.5%	3.8%	4.3%	6.2%	11.2%	16.0%	19.9%	21.7%	22.2%	22.5%	22.8%	23.0%
EBITDA Margin (EBITDA/Sales)	-4.1%	0.6%	2.2%	3.0%	4.9%	6.7%	8.5%	15.2%	17.7%	21.9%	22.0%	22.0%	22.0%	22.0%	22.0%
Pretax Margin (PT/Sales)	-25.5%	-0.6%	-1.9%	1.4%	3.4%	3.8%	5.5%	10.4%	15.5%	18.9%	20.6%	21.1%	21.8%	22.2%	22.5%
Net Profit Margin (PAT/Sales)	-25.5%	-0.6%	-1.9%	1.4%	3.4%	20.0%	6.6%	11.3%	10.3%	20.9%	20.6%	21.1%	21.8%	22.2%	22.5%
Return on Invested Capital (EBIT/(WC + Net PF	-45.9%	-9.0%	3.4%	7.7%	13.1%	19.5%	20.3%	93.9%	1116.9%	126.0%	59.9%	46.0%	42.7%	41.0%	39.6%
Rolling 3 Year ROIC	-273.1%	-267.8%	-20.1%	0.5%	8.0%	13.3%	17.6%	40.8%	205.1%	276.5%	253.0%	74.1%	49.3%	43.2%	41.1%
Rolling 5 Year ROIC	-239.0%	-236.4%	-237.3%	-239.4%	-9.1%	6.5%	12.6%	27.7%	107.4%	138.2%	152.5%	162.4%	146.8%	60.4%	45.7%

Priceline Financial Statements

Analysis Period from Dec-00 - Dec-09, Forecast Period from Dec-10 to Dec-14

Dec	Historical										Projected				
	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
5. Per Share Data															
Price - Fiscal Year Close	1	6	2	18	24	22	44	115	74	218	402.72	402.72	402.72	402.72	402.72
Earnings per share (EPS=NI/ASO diluted)	(1.89)	(0.04)	(0.08)	0.31	0.74	4.15	1.67	3.45	3.98	9.88	12.31	16.37	21.98	29.13	38.43
Earnings per share (EPS=NI/ACSO basic)	(1.89)	(0.04)	(0.08)	0.32	0.82	4.92	1.93	4.17	4.92	11.54	13.80	18.36	24.65	32.66	43.10
Book Value per Share (BVS=SE/ASO)	1	1	1	4	5	8	8	13	15	27	37.79	54.16	76.14	105.26	143.70
Dividends per share (DPS=Div/ASO)	0	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00
Sales per share (SPS=Sales/ASO)	7	6	4	22	22	21	25	31	39	47	59.70	77.61	100.89	131.16	170.51
EBIT per share (EBIT/ASO)	-2	0	0	0	1	1	2	3	6	9	12.94	17.25	22.72	29.87	39.17
EBITDA per share (EBITDA/ASO)	0	0	0	1	1	1	2	5	7	10	13.13	17.07	22.20	28.85	37.51
Operating Cash Flow per share (OCFS=OCF/AS	0	0	0	1	1	1	3	3	6	10	13.85	13.91	23.54	31.13	41.06
Payout Ratio (PR=Dividends per share/EPS)	0	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00
EPS Retained (Year 1 calculated = Prev EPSR +	-10	-10	-10	-10	-9	-5	-3	0	4	14	26.64	43.01	64.99	94.12	132.55
Cash & Equivalents per Share (CES=CMS/ASO	1	1	1	7	6	4	10	11	10	16	32.59	43.32	59.95	82.27	112.06
Share Data:															
for Primary EPS Calculation	167	205	227	38	38	39	39	38	39	42	45.41	45.41	45.41	45.41	45.41
for Fully Diluted EPS Calculation	167	205	227	39	42	46	45	46	49	50	50.92	50.92	50.92	50.92	50.92
Outstanding at Fiscal Year End	176	224	225	38	39	40	37	38	41	46	49.09	49.09	49.09	49.09	49.09
Impact of dilution in million shares (ASO-ACS	0	0	0	1	4	7	6	8	9	7	5.51	5.51	5.51	5.51	5.51
6. Turnover Analysis															
Accounts Receivable (Sales/avg. AR)	69	79	69	71	63	40	29	23	23	22	22.46	22.61	22.61	22.61	22.61
Days to receive Accounts Receivable (365/AR T	4	5	5	5	7	11	16	19	18	19	18.25	18.25	18.25	18.25	18.25
Inventory (CGS/avg. inventory)	0	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00
Days to turn Inventory (365/inv. Turnover)	0	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00
Property, Plant and Equipment (Sales/avg. PP&I	38	34	37	46	57	56	56	57	67	78	101.60	135.48	177.57	231.44	301.12
Accounts Payable (CGS/avg. AP)	32	22	20	24	22	18	17	16	20	20	18.03	16.96	16.96	16.96	16.96
Days to Pay Payables (365/AP Turnover)	14.46	17.42	15.61	12.74	20.72	19.94	24.84	22.63	18.20	20.52	24.33	24.33	24.33	24.33	24.33
7. Liquidity Analysis															
Current Ratio (Current Ass./Curr. Liab.)	2	2	3	6	4	3	5	1	1	3	3.72	5.68	5.74	5.78	5.79
Quick/Acid Test Ratio (Cash+ST Inv.+rec)/CL)	1	2	2	6	4	3	5	1	1	2	3.46	5.29	5.37	5.42	5.44
Cash Ratio ((Cash+ST Inv.)/Curr. Liab.)	1	2	2	5	3	2	4	1	1	2	3.17	4.85	4.95	5.02	5.06
Cash Flow ratio (CF from operations/CL)	0	0	0	0	1	1	1	0	1	1	1.35	1.56	1.94	1.90	1.85
Quarterly Burn Rate pos. (neg.) (OCF/4)	-5	7	0	5	11	16	28	39	79	127	176.36	177.04	299.64	396.24	522.62
Drop Dead Ratio (CE/QBR)	-21	23	735	54	24	11	15	13	6	6	9.41	12.46	10.19	10.57	10.92
Cash + STI / Long and Short-term Debt	3	5	5	2	1	1	1	0	0	0	3.52	4.68	6.48	8.89	12.11
8. Working Capital Analysis															
Debt to Total Assets (curr+LT debt/total assets)	0.0%	0.0%	0.0%	36.9%	41.4%	29.6%	51.5%	0.0%	0.0%	0.0%	15.6%	12.4%	9.2%	6.9%	5.1%
Debt to Equity (total debt/total equity)	0.0%	0.0%	0.0%	76.6%	105.6%	58.4%	157.1%	0.0%	0.0%	0.0%	24.5%	17.1%	12.1%	8.8%	6.4%
Long-term debt ratio (LT debt/LTD+total equity	0.0%	0.0%	0.0%	43.4%	51.4%	36.9%	61.1%	0.0%	0.0%	0.0%	19.7%	14.6%	10.8%	8.1%	6.0%
Interest coverage TIE (CF operations/net interest				22	11	12	16	15	34	21	21.91	15.86	31.81	42.06	55.48
Cash Flow to Debt (CF operations/total debt)				0	0	0	0				1.50	1.50	2.54	3.37	4.44
Working Capital/Total Assets (CA-CL)/TA	26.6%	37.4%	49.4%	69.2%	36.6%	20.2%	36.4%	-6.1%	5.7%	33.5%	47.3%	55.9%	57.1%	58.1%	58.9%
Working Capital for Cash Flow (CA-Cash-STI)-	(9)	(21)	(10)	(9)	(9)	15	17	26	50	33	30	40	26	-	(43)
Financial Leverage (ROE/ROA)	2	2	1	2	3	2	3	2	2	1	1.57	1.38	1.32	1.28	1.25
Working Capital minus Debt (CA-CL-LTD)	52	98	104	109	(26)	(71)	(166)	(82)	77	614	954	1,656	2,453	3,518	4,931
Altmans Z Score (Bankrupt<1.8, NB>3.0)	-8	5	-2	-1	0	1	1	4	4	15	13.22	14.17	12.54	10.99	9.58
9. Financial Cost Analysis															
Imbedded Rate on Cash % (II/(avg. Cash+STI)	7.1%	5.3%	1.8%	1.2%	2.0%	2.6%	3.7%	4.8%	2.4%	0.4%	2.5%	2.5%	2.5%	2.5%	2.5%
Int. Inc. Spread over (under) US$ 6 mon (RII-US	2.0%	-0.2%	-4.8%	-2.3%	0.2%	1.4%	2.5%	-0.4%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%
Imbedded Borrowing Rate (IE/avg. LTD+CPLT	0.0%	0.0%	0.0%	1.5%	2.1%	2.3%	1.8%	1.8%	1.9%	8.7%	8.0%	8.0%	8.0%	8.0%	8.0%
Borrowing Rate Spread over (under) US$ 6 mon				-2.0%	0.3%	1.1%	0.6%	-3.4%	-1.3%	7.5%	6.8%	5.8%	5.8%	5.8%	5.8%
Credit Spread (Int.Inc. %- Bor. Rate %)				-0.3%	-0.2%	0.4%	1.9%	2.9%	0.4%	-8.4%	-5.5%	-5.5%	-5.5%	-5.5%	-5.5%

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	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
10. Property, Plant And Equipment Analysis															
Depreciation & Amort. % Avg. Net PP&E	53.4%	47.8%	68.1%	62.6%	96.2%	160.1%	184.3%	166.9%	165.6%	139.1%	104.1%	104.1%	104.1%	104.1%	104.1%
Remaining Life of PP&E (years, 1/(DA%FA))	1.87	2.09	1.47	1.60	1.04	0.62	0.54	0.60	0.60	0.72	0.96	0.96	0.96	0.96	0.96
Average Age of PP&E (Acc depr/DepAm)	0.87	2.01	2.74	4.97	4.48	2.82	2.32	1.46	1.64	1.86	3.49	4.58	5.62	6.63	7.64
Fixed Asset Utilization (Oper.Rev/PP&E)	33	36	47	52	58	53	52	51	64	77	104	136	178	232	301
Return on Assets (Oper. Rev or EBIT/Avg. Asse	-333.5%	-29.1%	-4.2%	1.6%	3.3%	4.7%	4.0%	4.9%	12.9%	18.2%	19.5%	18.4%	18.6%	18.2%	17.8%
Capital Expenditures / Sales	3.0%	0.8%	0.9%	0.8%	0.8%	1.1%	1.1%	1.1%	1.0%	0.6%	1.0%	0.8%	0.6%	0.4%	0.3%
11. Productivity Ratios (thousands)															
Employees (# of)	0.4	0.4	0.3	0.3	0.4	0.5	0.7	1.3	1.8	2.0	2.0	2.0	2.0	2.0	2.0
Sales per Employee	3,441,214	3,254,869	3,460,710	2,947,648	2,087,607	1,809,511	1,613,654	1,050,466	1,058,880	1,163,290	1,512,276	1,965,959	2,555,747	3,322,471	4,319,213
Assets per Employee	543,393	728,306	728,145	1,152,846	1,237,630	1,417,346	1,588,575	1,020,284	755,043	912,549	1,499,638	1,891,326	2,546,366	3,415,792	4,565,487
12. Year on Year Nominal Growth Rates (in perce															
Total Sales	156.1%	-5.2%	-14.4%	-13.9%	5.9%	5.3%	16.7%	23.8%	35.5%	24.1%	30.0%	30.0%	30.0%	30.0%	30.0%
Sales per Share	106.5%	-22.8%	-22.7%	401.4%	-2.4%	-4.0%	21.1%	21.7%	26.7%	21.9%	26.4%	30.0%	30.0%	30.0%	30.0%
Gross Profit Margin	229.3%	0.6%	-15.7%	-17.2%	36.4%	35.5%	49.2%	54.3%	53.9%	31.8%	32.6%	30.0%	30.0%	30.0%	30.0%
EBIT	-70.1%	-97.7%	162.7%	-166.8%	173.2%	18.5%	66.5%	124.8%	93.8%	54.8%	41.3%	33.3%	31.7%	31.5%	31.2%
EBITDA	-95.2%	-112.8%	244.4%	16.7%	72.3%	44.8%	47.1%	121.2%	57.7%	54.1%	30.4%	30.0%	30.0%	30.0%	30.0%
Net Income	-70.1%	-97.7%	162.7%	-162.1%	164.4%	511.7%	-61.4%	110.9%	23.2%	153.0%	28.1%	33.0%	34.3%	32.5%	32.0%
Earnings Per Share (EPS)	-75.9%	-98.1%	136.9%	-461.9%	143.7%	457.5%	-59.9%	107.3%	15.2%	148.6%	24.6%	33.0%	34.3%	32.5%	32.0%
Current Assets	-38.0%	41.2%	-8.5%	67.2%	-3.9%	-17.9%	124.9%	21.8%	1.8%	64.0%	90.5%	32.5%	37.2%	36.2%	35.4%
Total Assets	-55.9%	34.4%	-19.5%	60.0%	60.5%	39.1%	46.6%	22.2%	-0.5%	36.5%	64.3%	26.1%	34.6%	34.1%	33.7%
Current Liabilities	102.0%	10.1%	-25.2%	-24.1%	49.9%	-4.5%	41.8%	590.2%	-21.3%	-25.2%	28.1%	-13.2%	35.7%	35.4%	35.2%
Total Liabilties	115.0%	6.8%	-26.7%	165.3%	88.0%	12.8%	100.2%	3.8%	-20.5%	-22.3%	128.7%	-4.2%	18.9%	21.3%	23.5%
Retained Earnings	29.6%	1.0%	1.4%	-0.7%	-2.7%	-11.3%	-8.0%	-14.5%	-9.7%	-52.0%	-137.0%	492.8%	111.6%	69.9%	54.3%
EPS Retained	24.1%	0.4%	0.9%	-3.1%	-7.8%	-47.2%	-35.8%	-115.9%	841.6%	222.2%	85.9%	61.4%	51.1%	44.8%	40.8%
Shareholders Equity	-72.5%	55.5%	-15.7%	12.0%	30.8%	79.9%	-5.4%	60.0%	26.1%	85.9%	41.7%	43.3%	40.6%	38.3%	36.5%
Operating Free Cash Flow	-62.7%	-96.8%	-105.4%	2891.7%	130.4%	490.7%	-58.0%	85.1%	24.8%	108.3%	25.1%	35.0%	28.8%	30.8%	30.5%
Free Cash Flow to Equity	-64.0%	-96.8%	-105.4%	22267.4%	-1.8%	65.6%	92.2%	-184.7%	-165.1%	102.7%	119.8%	-23.1%	31.1%	31.8%	31.3%
Working Capital (CA- CL)	-69.9%	88.8%	6.4%	124.4%	-15.3%	-23.0%	163.6%	-120.3%	-194.3%	695.7%	132.0%	49.3%	37.5%	36.4%	35.4%
13. Income Account Analysis (% of Sales) *															
Cost of Goods Sold	83.2%	82.1%	82.4%	83.1%	78.2%	72.0%	64.2%	55.3%	49.3%	46.1%	45.0%	45.0%	45.0%	45.0%	45.0%
Gross Profit	16.8%	17.9%	17.6%	16.9%	21.8%	28.0%	35.8%	44.7%	50.7%	53.9%	55.0%	55.0%	55.0%	55.0%	55.0%
Selling, General, & Admin Expenses	20.9%	17.3%	15.3%	13.9%	16.9%	21.3%	27.4%	29.5%	33.1%	32.0%	33.0%	33.0%	33.0%	33.0%	33.0%
Research and Development	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Income Before Depreciation	-4.1%	0.6%	2.2%	3.0%	4.9%	6.7%	8.5%	15.2%	17.7%	21.9%	22.0%	22.0%	22.0%	22.0%	22.0%
Depreciation, Depletion, & Amortiz	1.3%	1.4%	1.8%	1.3%	1.6%	2.8%	3.1%	2.7%	2.3%	1.7%	1.3%	1.0%	0.8%	0.6%	0.4%
Operating Income After Depreciation	-5.4%	-0.8%	0.4%	1.7%	3.3%	3.9%	5.4%	12.5%	15.4%	20.2%	20.7%	21.0%	21.2%	21.4%	21.6%
Interest Expense	0.0%	0.0%	0.0%	0.1%	0.4%	0.5%	0.6%	0.7%	0.5%	1.0%	1.1%	1.1%	0.7%	0.6%	0.4%
Interest Income	0.8%	0.6%	0.3%	0.3%	0.6%	0.6%	1.0%	1.6%	0.6%	0.1%	1.0%	1.2%	1.3%	1.4%	1.4%
Nonop. Income (Expense)- Ex Int Inc	0.0%	0.0%	0.1%	0.3%	-0.1%	0.0%	-0.4%	-0.6%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-Operating Income/Expense, Total	-20.1%	0.2%	-2.3%	-0.2%	0.5%	0.4%	0.8%	-1.3%	0.6%	-0.3%	1.0%	1.2%	1.3%	1.4%	1.4%
Special Items	-20.9%	-0.4%	-2.7%	-0.7%	0.0%	-0.2%	0.1%	-2.3%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings Before Interest and Taxes (EBIT)	-25.5%	-0.6%	-1.9%	1.5%	3.8%	4.3%	6.2%	11.2%	16.0%	19.9%	21.7%	22.2%	22.5%	22.8%	23.0%
Pretax Income	-25.5%	-0.6%	-1.9%	1.4%	3.4%	3.8%	5.5%	10.4%	15.5%	18.9%	20.6%	21.1%	21.8%	22.2%	22.5%
Income Taxes - Total	0.0%	0.0%	0.0%	0.0%	0.0%	-16.2%	-1.1%	-0.9%	5.2%	-2.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Minority Interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Income Before Extraordinary Items & Discontin	-25.5%	-0.6%	-1.9%	1.4%	3.4%	20.0%	6.6%	11.3%	10.3%	20.9%	20.6%	21.1%	21.8%	22.2%	22.5%
Extraordinary Items	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Discontinued Operations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income (Loss) (PAT)	-25.5%	-0.6%	-1.9%	1.4%	3.4%	20.0%	6.6%	11.3%	10.3%	20.9%	20.6%	21.1%	21.8%	22.2%	22.5%
Special Ratios															
Special + Extraordinary	-20.9%	-0.4%	-2.7%	-0.7%	0.0%	-0.2%	0.1%	-2.3%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%

Priceline Financial Statements

Analysis Period from Dec-00 - Dec-09, Forecast Period from Dec-10 to Dec-14

Dec	Historical										Projected				
	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
14. Balance Sheet Analysis (% of Sales) *															
Cash	7.3%	8.5%	6.7%	10.9%	11.1%	8.3%	37.7%	27.7%	19.3%	8.6%	34.9%	40.7%	47.8%	53.8%	58.8%
Short-Term Investments	0.9%	5.5%	8.2%	20.2%	16.0%	9.9%	0.9%	8.9%	5.4%	25.6%	19.7%	15.2%	11.7%	9.0%	6.9%
Cash and Cash Equivalents	8.2%	14.0%	14.9%	31.0%	27.1%	18.2%	38.6%	36.6%	24.7%	34.3%	54.6%	55.8%	59.4%	62.7%	65.7%
Receivables - Total (Net)	1.1%	1.3%	1.4%	1.2%	2.0%	3.1%	4.3%	5.1%	4.9%	5.1%	5.0%	5.0%	5.0%	5.0%	5.0%
Inventories - Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Prepaid Expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Assets - Other	1.3%	0.4%	0.6%	0.6%	0.7%	1.9%	1.8%	2.4%	3.5%	4.4%	4.5%	4.5%	4.5%	4.5%	4.5%
Total Current Assets	10.6%	15.8%	16.9%	32.8%	29.8%	23.2%	44.8%	44.1%	33.1%	43.7%	64.1%	65.3%	68.9%	72.2%	75.2%
Plant, Property & Equip (Gross)	4.2%	5.6%	7.1%	8.7%	9.4%	9.9%	9.5%	6.2%	5.6%	4.6%	4.5%	4.3%	3.9%	3.4%	3.0%
Accumulated Depreciation	1.2%	2.8%	5.0%	6.8%	7.6%	8.0%	7.6%	4.3%	4.1%	3.3%	3.6%	3.5%	3.3%	3.0%	2.6%
Plant, Property & Equip (Net)	3.0%	2.8%	2.1%	1.9%	1.7%	1.9%	1.9%	1.9%	1.6%	1.3%	1.0%	0.7%	0.6%	0.4%	0.3%
Investments at Equity	0.0%	0.0%	0.6%	2.0%	1.0%	1.1%	0.9%	0.7%	0.5%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
Investments and Advances - Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Intangibles	0.0%	2.0%	1.0%	1.8%	26.0%	36.2%	33.8%	33.8%	27.6%	22.4%	23.9%	20.0%	20.0%	20.0%	20.0%
Deferred Charges	0.0%	0.0%	0.0%	0.5%	0.7%	0.5%	1.1%	0.7%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Assets - Other	2.2%	1.8%	0.3%	0.1%	0.0%	15.4%	16.0%	15.8%	8.2%	10.9%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Assets	15.8%	22.4%	21.0%	39.1%	59.3%	78.3%	98.4%	97.1%	71.3%	78.4%	99.2%	96.2%	99.6%	102.8%	105.7%
Current Liabilities															
Accounts Payable	3.3%	3.9%	3.5%	2.9%	4.4%	3.9%	4.4%	3.4%	2.5%	2.6%	3.0%	3.0%	3.0%	3.0%	3.0%
Notes Payable	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued Expenses	2.7%	3.1%	2.8%	2.4%	2.6%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Taxes Payable	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt (Long-Term) Due In One Year	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	41.0%	20.9%	6.8%	5.7%	0.0%	0.0%	0.0%	0.0%
Other Current Liabilities	0.4%	0.4%	0.2%	0.4%	1.1%	1.4%	4.6%	5.6%	5.7%	8.1%	8.5%	8.5%	9.0%	9.5%	10.0%
Total Current Liabilities	6.4%	7.5%	6.5%	5.7%	8.1%	7.4%	9.0%	50.0%	29.0%	17.5%	17.2%	11.5%	12.0%	12.5%	13.0%
Long Term Debt	0.0%	0.0%	0.0%	14.4%	24.5%	23.2%	50.7%	0.0%	0.0%	0.0%	15.5%	11.9%	9.2%	7.1%	5.4%
Deferred Taxes (Balance Sheet)	0.0%	0.0%	0.0%	0.0%	2.8%	4.4%	3.5%	3.3%	2.6%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Investment Tax Credit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Minority Interest	0.0%	0.0%	0.0%	0.0%	0.5%	2.5%	2.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liabilities - Other	0.4%	0.2%	0.1%	0.1%	0.1%	1.1%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Liabilities	6.8%	7.7%	6.6%	20.3%	36.0%	38.6%	66.2%	55.5%	32.6%	20.4%	35.9%	26.4%	24.2%	22.6%	21.4%
Shareholders' Equity															
Preferred Stock	29.1%	2.2%	1.3%	1.6%	1.5%	1.4%	1.2%	0.0%	0.0%	1.5%	1.2%	0.9%	0.7%	0.5%	0.4%
Common Stock	0.1%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Surplus	130.0%	172.0%	202.7%	237.8%	225.6%	214.2%	184.3%	152.7%	115.5%	97.9%	77.5%	59.6%	45.8%	35.3%	27.1%
Retained Earnings (Net Other)	-123.8%	-131.8%	-156.0%	-180.0%	-165.5%	-139.5%	-110.0%	-75.9%	-50.6%	-19.6%	5.6%	25.4%	41.3%	54.0%	64.1%
Less: Treasury Stock	26.4%	27.9%	33.7%	40.6%	38.3%	36.4%	43.3%	35.2%	26.2%	21.9%	20.9%	16.1%	12.4%	9.5%	7.3%
Total Shareholders' Equity	9.0%	14.7%	14.5%	18.8%	23.3%	39.7%	32.2%	41.6%	38.8%	58.1%	63.3%	69.8%	75.5%	80.3%	84.3%
Total Liabilities and Shareholders Equity	15.8%	22.4%	21.0%	39.1%	59.3%	78.3%	98.4%	97.1%	71.3%	78.4%	99.2%	96.2%	99.6%	102.8%	105.7%
15. Total Asset Analysis (% of Total Assets) *															
Cash and Cash Equivalents	52.1%	62.8%	70.8%	79.3%	45.7%	23.3%	39.3%	37.7%	34.7%	43.7%	55.1%	58.0%	59.6%	61.0%	62.2%
Receivables - Total (Net)	7.1%	6.0%	6.5%	3.2%	3.4%	4.0%	4.4%	5.2%	6.9%	6.5%	5.0%	5.2%	5.0%	4.9%	4.7%
Inventories - Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Prepaid Expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Assets - Other	8.1%	1.9%	3.0%	1.4%	1.2%	2.4%	1.9%	2.4%	4.9%	5.6%	4.5%	4.7%	4.5%	4.4%	4.3%
Total Current Assets	67.3%	70.7%	80.3%	83.9%	50.3%	29.7%	45.5%	45.4%	46.4%	55.8%	64.6%	67.9%	69.2%	70.3%	71.2%
Plant, Property & Equip (Gross)	26.7%	25.0%	33.9%	22.4%	15.8%	12.6%	9.7%	6.4%	7.9%	5.9%	4.6%	4.4%	3.9%	3.3%	2.8%
Accumulated Depreciation	7.7%	12.7%	23.7%	17.5%	12.9%	10.2%	7.7%	4.4%	5.7%	4.2%	3.6%	3.7%	3.3%	2.9%	2.5%
Plant, Property & Equip (Net)	19.0%	12.3%	10.1%	4.9%	2.9%	2.4%	2.0%	2.0%	2.2%	1.7%	1.0%	0.8%	0.6%	0.4%	0.3%
Investments at Equity	0.0%	0.0%	3.0%	5.1%	1.7%	1.4%	0.9%	0.7%	0.7%	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%
Investments and Advances - Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Intangibles	0.0%	9.0%	5.0%	4.7%	43.9%	46.2%	34.3%	34.8%	38.7%	28.5%	24.2%	20.8%	20.1%	19.5%	18.9%
Deferred Charges	0.0%	0.0%	0.0%	1.2%	1.1%	0.6%	1.1%	0.7%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Assets - Other	13.7%	8.0%	1.6%	0.2%	0.1%	19.7%	16.3%	16.2%	11.5%	13.9%	10.1%	10.4%	10.0%	9.7%	9.5%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Priceline Financial Statements

Analysis Period from Dec-00 - Dec-09, Forecast Period from Dec-10 to Dec-14

Dec	Historical										Projected				
	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
16. Liabilities and Shareholders Equity Analysis (															
Accounts Payable	20.9%	17.5%	16.8%	7.4%	7.5%	5.0%	4.4%	3.5%	3.4%	3.3%	3.0%	3.1%	3.0%	2.9%	2.8%
Notes Payable	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued Expenses	17.0%	13.8%	13.2%	6.2%	4.4%	2.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Taxes Payable	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt (Long-Term) Due In One Year	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	42.2%	29.2%	8.7%	5.8%	0.0%	0.0%	0.0%	0.0%
Other Current Liabilities	2.8%	2.0%	1.0%	1.0%	1.9%	1.8%	4.7%	5.7%	8.0%	10.3%	8.6%	8.8%	9.0%	9.2%	9.5%
Total Current Liabilities	40.6%	33.3%	30.9%	14.7%	13.7%	9.4%	9.1%	51.4%	40.7%	22.3%	17.4%	12.0%	12.0%	12.2%	12.3%
Long Term Debt	0.0%	0.0%	0.0%	36.9%	41.4%	29.6%	51.5%	0.0%	0.0%	0.0%	15.6%	12.4%	9.2%	6.9%	5.1%
Deferred Taxes (Balance Sheet)	0.0%	0.0%	0.0%	0.0%	4.7%	5.6%	3.6%	3.4%	3.6%	2.4%	2.1%	2.1%	2.0%	1.9%	1.9%
Investment Tax Credit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Minority Interest	0.0%	0.0%	0.0%	0.0%	0.8%	3.1%	2.0%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liabilities - Other	2.6%	1.1%	0.3%	0.3%	0.1%	1.4%	1.1%	1.0%	1.3%	1.3%	1.0%	1.0%	1.0%	1.0%	0.9%
Total Liabilities	43.3%	34.4%	31.3%	51.9%	60.8%	49.3%	67.3%	57.1%	45.7%	26.0%	36.2%	27.5%	24.3%	21.9%	20.3%
Shareholders' Equity															
Preferred Stock	184.3%	9.7%	6.4%	4.0%	2.5%	1.8%	1.2%	0.0%	0.0%	2.0%	1.2%	0.9%	0.7%	0.5%	0.4%
Common Stock	0.7%	0.7%	0.9%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Surplus	823.2%	768.9%	963.2%	608.1%	380.6%	273.5%	187.3%	157.2%	162.0%	124.8%	78.1%	62.0%	46.0%	34.3%	25.7%
Retained Earnings (Net Other)	-784.1%	-589.0%	-741.5%	-460.3%	-279.2%	-178.1%	-111.8%	-78.2%	-70.9%	-25.0%	5.6%	26.4%	41.5%	52.5%	60.6%
Less: Treasury Stock	167.4%	124.6%	160.3%	103.8%	64.7%	46.5%	44.0%	36.2%	36.7%	27.9%	21.1%	16.7%	12.4%	9.3%	6.9%
Total Shareholders' Equity	56.7%	65.6%	68.7%	48.1%	39.2%	50.7%	32.7%	42.9%	54.3%	74.0%	63.8%	72.5%	75.7%	78.1%	79.7%
17. Other Analysis															
* **Overall Company Metrics:**															
* Net Income Growth	156.1%	-5.2%	-14.4%	-13.9%	5.9%	5.3%	16.7%	23.8%	35.5%	24.1%	30.0%	30.0%	30.0%	30.0%	30.0%
* EPS Growth	-75.9%	-98.1%	136.9%	-461.9%	143.7%	457.5%	-59.9%	107.3%	15.2%	148.6%	24.6%	33.0%	34.3%	32.5%	32.0%
* Owners Equity Growth	-72.5%	55.5%	-15.7%	12.0%	30.8%	79.9%	-5.4%	60.0%	26.1%	85.9%	41.7%	43.3%	40.6%	38.3%	36.5%
* ROIC	-45.9%	-9.0%	3.4%	7.7%	13.1%	19.5%	20.3%	93.9%	1116.9%	126.0%	59.9%	46.0%	42.7%	41.0%	39.6%
* Net Tangible Asset Growth		-38.6%	-21.7%	62.2%	28.8%	19.4%	83.8%	48.2%	-15.5%	12.5%	76.3%	15.5%	31.7%	32.1%	32.4%
Net Cash Flow Analysis:															
Free Cash Flow Firm / Net Income	1.2	1.6	(0.0)	1.6	1.4	1.3	1.5	1.3	1.3	1.1	1.05	1.06	1.02	1.01	1.00
Free Cash Flow Equity / Net Income	1.2	1.6	(0.0)	12.0	4.4	1.2	6.0	(2.4)	1.3	1.0	1.75	1.01	0.99	0.98	0.98
Free Cash Flow Firm / Sales	(0.3)	(0.0)	0.0	0.0	0.0	0.3	0.1	0.1	0.1	0.2	0.22	0.22	0.22	0.22	0.22
Free Cash Flow Equity / Sales	(0.3)	(0.0)	0.0	0.2	0.2	0.2	0.4	(0.3)	0.1	0.2	0.36	0.21	0.22	0.22	0.22
Cash / Debt (Cash + STI) / (LTD + CPLTD)	Net Cash	Net Cash	Net Cash	2	1	1	1	Net Cash	Net Cash	Net Cash	2.57	4.68	6.48	8.89	12.11
18. Market Data and Forecasts (SPX) (uses Indexl											12.0	12.0	12.0	12.0	12.0
S&P 500 Market PE	25.86	60.89	31.72	22.93	20.60	17.33	17.00	17.41	14.70	17.91	15.55	12.86	11.33	10.69	10.08
S&P 500 Index	1,320.28	1,148.08	879.82	1,111.92	1,211.92	1,248.29	1,418.30	1,468.36	903.25	1,115.10	1,242.53	1,242.53	1,242.53	1,242.53	1,242.53
S&P Index Earnings	51	19	28	48	59	72	83	84	61	62	79.91	96.63	109.69	116.27	123.25
Forcast Index Earnings Dec Year End										62	79.91	96.63	109.69	116.27	123.25
Actual/Forecast Earnings Growth for Index	10%	-63%	47%	75%	21%	22%	16%	1%	-27%	1%	28%	21%	14%	6%	6%
Source: Historical: Bloomberg Index/PE, Estir. ND indicates the row is necessary for a non-December year-end companies.															
19. Industry Data and Forecasts (uses IndexData)															
SPX Internet Retail Index PE	-	-	77.07	84.99	96.90	57.46	47.20	62.59	26.04	54.80	70.24	66.26	62.51	58.97	55.63
SPX Internet Retail Index	-	-	113.89	216.93	390.53	291.59	257.20	436.26	212.09	580.11	788.15	788.15	788.15	788.15	788.15
Industry Index Earnings	-	-	1	3	4	5	5	7	8	11	11.22	11.89	12.61	13.36	14.17
Actual/Forecast Earnings Growth for Industry	-	-	-	90%	80%	-25%	-12%	70%	-51%	174%	6%	6%	6%	6%	6%

Priceline Financial Statements

Analysis Period from Dec-00 - Dec-09, Forecast Period from Dec-10 to Dec-14

Dec		Historical										Projected				
		Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
20. Year-end Economic Data and Forecasts (updat		**009)**														
*	World Trade Volume	0.0%	5.8%	13.3%	-0.7%	3.7%	5.5%	5.9%	9.8%	3.2%	-11.6%	11.2%	6.8%	7.2%	7.2%	7.2%
*	World GDP Growth	0.0%	2.8%	3.8%	1.3%	1.7%	2.5%	2.5%	4.0%	1.7%	-2.1%	3.3%	3.3%	3.5%	3.5%	3.5%
	World GDP Growth (PPP weights)	0.0%	0.0%	0.0%	0.0%	0.0%	3.9%	3.9%	5.0%	1.3%	-40.0%	4.2%	4.0%	4.3%	4.3%	4.3%
*	US Dollar Interest Rates (6 month %)	5.1%	5.5%	6.6%	3.5%	1.8%	1.2%	1.2%	5.2%	3.2%	1.2%	1.2%	2.2%	2.2%	2.2%	2.2%
*	Japan GDP Growth (GEP)	-0.8%	1.9%	2.1%	0.4%	-0.3%	1.4%	1.4%	2.4%	-1.2%	-5.2%	2.5%	2.1%	2.2%	2.2%	2.2%
*	Euro Area	0.0%	0.0%	3.7%	1.5%	0.9%	0.7%	0.7%	2.9%	4.0%	-4.1%	0.7%	1.3%	1.8%	1.8%	1.8%
	G-7 Inflation	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%	1.5%	2.2%	3.1%	-0.2%	1.5%	1.6%	1.8%	1.8%	1.8%
	Oil Price (US$ per barrel - avg of Dubai, Brent,	0.0	0.0	0.0	0.0	0.0	28.9	28.9	64.3	71.1	101.2	74.5	75.8	75.8	75.8	75.8
*	US Gross Domestic Product (WB 99+, gdp cyoy	4.6%	4.2%	3.8%	0.3%	1.9%	2.7%	2.7%	2.8%	0.4%	-2.4%	3.3%	2.9%	3.0%	3.0%	3.0%
*	US Consumer Price Inflation (cpi yoy)	1.6%	2.7%	3.4%	1.6%	2.4%	2.3%	2.3%	3.3%	3.8%	-0.3%	2.0%	2.2%	2.4%	2.4%	2.4%

Priceline Financial Statements

Analysis Period from Dec-00 - Dec-09, Forecast Period from Dec-10 to Dec-14

Dec		Historical										Projected				
		Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
Exhibit 5: Forecasting Ratios and Assumptions:																
Income Statement																
Sales:																
Sales (Net)	Assume constant											30.0%	30.0%	30.0%	30.0%	30.0%
Costs and Expenses																
Cost of Goods Sold	Assume the following percent of sales											45.0%	45.0%	45.0%	45.0%	45.0%
Selling, General, & Admin Expenses	Assume the following percent of sales											33.0%	33.0%	33.0%	33.0%	33.0%
Research and Development	Assume no change															
Depreciation, Depletion, & Amortiz	From the cash flow statement															
Interest Expense	Assume Interest Expense at 500 basis points over the 6 month rate											8.00%	8.00%	8.00%	8.00%	8.00%
Interest Income	Assume Interest Income at 80 basis points under the 6 month rate											2.50%	2.50%	2.50%	2.50%	2.50%
Nonop. Income (Expense)- Ex Int Inc	Assume the following percent of sales											0.0%	0.0%	0.0%	0.0%	0.0%
Special Items	Assume actual estimated amounts											0.0	0.0	0.0	0.0	0.0
Income Taxes - Total	Assume taxes as a percent of pretax profit											0.0%	0.0%	0.0%	0.0%	0.0%
Minority Interest	Assume actual estimated amounts											0.0%	0.0%	0.0%	0.0%	0.0%
Extraordinary Items	Assume actual estimated amounts											0.0%	0.0%	0.0%	0.0%	0.0%
Discontinued Operations	Assume actual estimated amounts											0.0%	0.0%	0.0%	0.0%	0.0%
Dividends Per share	Assume no dividends															
Balance Sheet Items																
Assets																
Cash	Calculated or plug variable determined by the Balance Macro															
Short-Term Investments	Assume no change											-	-	-	-	-
Receivables - Total (Net)	Assume Accounts Receivable turnover at 18 days											5.0%	5.0%	5.0%	5.0%	5.0%
Inventories - Total	Assume no Inventory turnover											0.0%	0.0%	0.0%	0.0%	0.0%
Prepaid Expenses	Assume the following percent of sales											0.0%	0.0%	0.0%	0.0%	0.0%
Current Assets - Other	Assume the following percent of sales											4.5%	4.5%	4.5%	4.5%	4.5%
New Investment in Property, Plant and Equipme	Assume the following additions (deletions) to New Investments											30.00	30.00	30.00	30.00	30.00
Accumulated depreciation (% per year)	Use the following percentage to give a Remaining Life of 0.9 years											89.0%	89.0%	89.0%	89.0%	89.0%
Investments at Equity	Assume the following percent of sales											0.1%	0.1%	0.1%	0.1%	0.1%
Investments and Advances - Other	Assume the following percent of sales											0.0%	0.0%	0.0%	0.0%	0.0%
Intangibles	Assume the following percent of sales											23.9%	20.0%	20.0%	20.0%	20.0%
Deferred Charges	Assume the following percent of sales											0.1%	0.1%	0.1%	0.1%	0.1%
Assets - Other	Assume the following percent of sales											10.0%	10.0%	10.0%	10.0%	10.0%
Liabilities																
Accounts Payable	Assume Accounts Payable turnover at 18 days											3.0%	3.0%	3.0%	3.0%	3.0%
Notes Payable	Assume the following percent of sales											0.0%	0.0%	0.0%	0.0%	0.0%
Accrued Expenses	Assume the following percent of sales											0.0%	0.0%	0.0%	0.0%	0.0%
Taxes Payable	Assume the following percent of sales											0.0%	0.0%	0.0%	0.0%	0.0%
Debt (Long-Term) Due In One Year	Assume no change															
Other Current Liabilities	Assume the following percent of sales											8.5%	8.5%	9.0%	9.5%	10.0%
Long Term Debt	Assume no change															
Deferred Taxes (Balance Sheet)	Assume the following percent of sales											2.1%	2.0%	2.0%	2.0%	2.0%
Investment Tax Credit	Assume the following percent of sales											0.0%	0.0%	0.0%	0.0%	0.0%
Minority Interest	Assume no change															
Liabilities - Other	Assume the following percent of sales											1.0%	1.0%	1.0%	1.0%	1.0%
Shareholders' equity																
Preferred Stock	Assume no change															
Common Stock	Assume no change															
Capital Surplus	Assume no change															
Retained Earnings (Net Other)	Retained Earnings = Previous Retained Earnings + Net Income - Dividends Paid															
Less: Treasury Stock	Assume no change															

Priceline Financial Statements

Analysis Period from Dec-00 - Dec-09, Forecast Period from Dec-10 to Dec-14

Dec	Historical										Projected				
	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
Exhibit 6: Industry and Company Information															
Year-end Stock Price of most recent year															
Current Stock Price											402.72				
SPX Stock Market Index											1,242.53				
SPX Index Earnings from SPX EE0											79.91	96.63	109.69	116.27	123.25
SPX Internet Retail PE			77.07	84.99	96.90	57.46	47.20	62.59	26.04	54.80	51.73				
SPX Internet Retail Index			113.89	216.93	390.53	291.59	257.2	436.26	212.09	580.11	788.15				
Industry Index Growth Estimates (for Index and											6.0%	6.0%	6.0%	6.0%	6.0%
Common Share Information															
for Primary EPS Calculation	This data is from the most recent 10-Q report										45.41				
for Fully Diluted EPS Calculation	This data is from the most recent 10-Q report										50.92				
Outstanding at Fiscal Year End	This data is from the most recent 10-Q report										49.09				

Priceline Inc.

Valuation Calculations

Exhibit 7: Intrinsic Value Calculations

Discount Rate (Required Rate of Return)

Beta (adjusted)	1.367	Period:	
General market risk premium	5.50%	9/04-9/10	
Risk Free Rate	3.50%	Monthly	
CAPM required return		60 Observations	
ke = rf + beta(risk premium)	11.02%	Source	
		Bloomberg	

Current Price $ 402.72

Weighted Average Cost of Capital using Market Weights for Dec-2010

	Rate	1- Tax	Rate AT
Cost of Equity (Ke) - from above	11.0%		11.0%
Cost of Debt (Kd) - from 2010	8.0%	100%	8.0%

Using Market Value Weights (note 3)

Weight of Debt (LTD / Enterprise Value)	2.5%
Weight of Equity (1-weight debt)	97.5%
Weighted Average Cost of Capital	**10.9%**

WACC = (Wd+Kd) + (We*Ke)

I. Intrinsic Value Models:

1. Dividend Discount Model: PE for Terminal Value

		Present Value Calculations (PE for Terminal value)				
Date		**Dec-10**	**Dec-11**	**Dec-12**	**Dec-13**	**Dec-14**
Dividend Cash Flow		-	-	-	-	-
Estimated Price						$883.98
Total Cash Flow	$ (402.72)	$0.00	$0.00	$0.00	$0.00	$883.98
IRR on Cash Flows	17.0%					

1. DDM (PE) Summary

PE Terminal Value Stock Price

Company Dec-14 EPS	$38.43
Terminal PE for Dec-14	23.0
Estimate Price	$883.98
Valuation at Ke= 11.0%	$524.16
Current Price	$ 402.72
Valuation/Market Price	30.2%

Maximum PE Last 10 years	58.6
Minimum PE Last 10 years	(163.4)
Harmonic Mean PE 5 yrs.	14.1
Harmonic Mean PE 3 yrs.	23.2
Average of Forecast Years	19.99

Discounted at the firms Ke	
Recommendation	Buy

2. Dividend Discount Model: P/BV for Terminal Value

		Present Value Calculations (PE for Terminal value)				
Date		**Dec-10**	**Dec-11**	**Dec-12**	**Dec-13**	**Dec-14**
Dividend Cash Flow		-	-	-	-	-
Estimated Price						$991.50
Total Cash Flow	$ (402.72)	$0.00	$0.00	$0.00	$0.00	$991.50
IRR	19.7%					

S. DDM (PB) Summary

PB Terminal Value Stock Price

Company Dec-14 BVPS	$143.70
Terminal P/BV for Dec-14	6.90
Estimated Price	$991.50
Valuation at Ke= 11.0%	$587.92
Current Price	$ 402.72
Valuation/Market Price	46.0%

Maximum PB Last 10 years	9.03
Minimum PB Last 10 years	1.98
Harmonic Mean PB 5 yrs.	5.03
Harmonic Mean PB 3 yrs.	6.82
Average of Forecast Years	6.00

Discounted at the firms Ke	
Recommendation	Buy

3. Free Cash Flow to the Firm (FCFF)

		Operating Free Cash Flows					
Operating Free Cash Flows		**Dec-10**	**Dec-11**	**Dec-12**	**Dec-13**	**Dec-14**	**Future**
Present Value of Firm	$18,393	657	888	1,143	1,495	1,951	2,000
Minus: Value of De	471.00						
Plus: Value of Cash	1,659.63	-	-	-	-	23,689	
Value of Equity	$19,582	657	888	1,143	1,495	25,640	
Shares Outstanding (diluted)	49.52						

Estimated constant growth p	2.5%	g: = RR * ROIC or (1-payout)*EBIT(1-tax)/Total Capital			
WACC	10.9%	1 Yr Value	4 Yr Value	Cont. Value	Tot. Value
Present Value of FCFF		$593	$3,706	$14,095	$18,393
% of Total Value		3.2%	20.1%	76.6%	
Valuation: WACC= 10.9	$395.42				
Current Price	$ 402.72	(note 2)			
Under (over) valued (IV/	-1.8%				

Discounted at the firms WACC	
Recommendation	Hold

4. Free Cash Flow to Equity (FCFE)

		Free cash Flows to Equity					
Free Cash Flows to Equity		**Dec-10**	**Dec-11**	**Dec-12**	**Dec-13**	**Dec-14**	**Future**
Total Present Value	$18,349	1,096.2	843.0	1,105.3	1,457.3	1,913.5	1961.4
Constant growth at k = 11.02%							
Shares Outstanding (d	49.52	-	-	-	0	23,232	
Intrinsic Value	$370.52	1,096.2	843.0	1,105.3	1,457.3	25,145.3	

Estimated constant growth r	2.5%				
		1 Yr Value	4 Yr Value	Cont. Value	Tot. Value
Present Value		$987	$3,586	$13,775	$18,349
% of Total Value		5.4%	19.5%	75.1%	
Valuation: Ke = 11.0%	$370.52				
Current Price	$ 402.72				
Under (over) valued (IV/	-8.0%				

Discounted at the firms Ke	
Recommendation	Hold

Priceline Inc.

Valuation Calculations

Exhibit 7: Intrinsic Value Calculations

II. Acquisition/Breakup Models

1. Value of Operations plus Cash (Working capital less debt)

Value of Operations per share	2010	Value of Operations per share	
EBITDA * 6	4,012	6 times EBITDA per share	78.80
EBITDA * 9	6,019	9 times EBITDA per share	118.20
Shares Outstanding	50.92	Value of net cash per share	18.73

Working Capital (CA-CL)	1,425	Value of Operations plus cash	97.54
Long-term Debt	471	Value of Operations plus cash	136.94
Value of Net Cash	954	Average of above methods	117.24
Value of net cash per share	18.73		
Valuation: Ke = 11.0%	117.24	Percent Under (over) valued versus price	
Current Price	$ 402.72	**Discounted at the firms Ke**	
Under (over) valued (IV/	-70.9%	Recommendation	Sell

2. Liquidation Value (last historical year)

Liquidation Value Asset Adjustments		Low	Base	High
Cash & CE	801.47	100%	100%	100%
Receivables - To	118.66	80%	90%	99%
Inventories - Tot	-			
Prepaid Expense	-			
Current Assets -	102.81	50%	60%	75%
Current Asse	1,022.94	947.81	969.95	996.05

		Low	Base	High
Plant, Property & Equi	30.49	40%	60%	80%
Investments at Equity	-			
Investments and Advar	0.36	80%	90%	100%
Intangibles	522.71	10%	30%	50%
Deferred Charges	2.24	10%	30%	50%
Assets - Other	255.49	40%	60%	80%
Total Assets	811.28	167.17	329.39	491.61

	Low	Base	High
NLV	14.26	17.98	21.79
Price	$ 402.72	$ 402.72	$ 402.72
Perce	4%	4%	5%
Hurdle Rate		70%	
Under (over) valued (IV/		-65.5%	

Current Price	$ 402.72			
Shares Outstanding	49.52			
Total Liabilities	408.77	408.77	408.77	408.77
Net Liquidation Value (NLV)		706.21	890.58	1,078.90
Net Liquidation Value per share		14.26	17.98	21.79

Discounted at the firms Ke	
Recommendation	Sell

Priceline Inc.

Valuation Calculations

Exhibit 7: Intrinsic Value Calculations

III. Relative Value Models

1. Relative Value versus the S&P 500

	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
a. Current Relative PE (Stock PE/Index	2.10	1.91	1.62	1.29	1.04
Premium (Discount) to the market	1.10	0.91	0.62	0.29	0.04
b. Estimated Fair Value Range - Buy	1.30	1.30	1.30	1.30	1.30
Premium (Discount) to the market	30%	30%	30%	30%	30%
c. Forecast S&P Market PE (x)	15.55	12.86	11.33	10.69	10.08
d. Stock EPS	$ 12.31	$ 16.37	$ 21.98	$ 29.13	$ 38.43
Stock Price - Buy Below this Price (	248.84	273.66	323.65	404.62	503.72

	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
c. Forecast S&P Market PE (x)	15.55	12.86	11.33	10.69	10.08
d. Stock EPS	12.31	16.37	21.98	29.13	38.43
e. Estimated Fair Value Range - Sell	1.80	1.80	1.80	1.80	1.80
Premium (Discount) to the market	80%	80%	80%	80%	80%
Stock Price - Sell Above this Price (e *	$ 344.55	$ 378.91	$ 448.13	$ 560.25	$ 697.45
Recommendation	**Sell**	**Sell**	**Hold**	**Buy**	**Buy**

Relative to the S&P500:	Buy	1.30	Buy below Price	350.90
	Sell	1.80	Sell above Price	485.86

Relative PE:	Maximum	2.56	Average	0.70	Last 3 Years	1.47
	Minimum	(2.68)	Last 5 Years	1.25	Last Year	1.23

Versus the S&P 500 Index

Relative Valuation	350.90
Current Price	$ 402.72
Under (over) valued (IV/	-12.9%

Sell Differential Over Buy: 50%

Relative to the S&P 500 Index	
Recommendation	Sell

2. Relative Value versus the Industry

	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
a. Current Relative PE (Stock PE/Index	0.47	0.37	0.29	0.23	0.19
Premium (Discount) to the market	(0.53)	(0.63)	(0.71)	-77%	-81%
b. Estimated Fair Value Range - Buy	0.40	0.40	0.40	0.40	0.40
Premium (Discount) to the market	-60%	-60%	-60%	-60%	-60%
c. Forecast Industry PE (x)	70.24	66.26	62.51	58.97	55.63
d. Stock EPS	12.31	16.37	21.98	29.13	38.43
Stock Price - Buy Below this Price (	345.86	433.90	549.54	687.03	855.29

	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
c. Forecast S&P Market PE (x)	70.24	66.26	62.51	58.97	55.63
d. Stock EPS	12.31	16.37	21.98	29.13	38.43
e. Estimated Fair Value Range - Sell	0.90	0.90	0.90	0.90	0.90
Premium (Discount) to the market	-10%	-10%	-10%	-10%	-10%
Stock Price - Sell Above this Price (e *	$ 778.18	$ 976.27	$ 1,236.46	$ 1,545.83	$ 1,924.40
Recommendation	**Hold**	**Buy**	**Buy**	**Buy**	**Buy**

Relative to the Industry	Buy	0.40	Buy below Price	574.32
	Sell	0.90	Sell above Price	1,292.22

Relative PE:	Maximum	0.71	Average	0.38	Last 3 Years	0.55
	Minimum	(0.25)	Last 5 Years	0.46	Last Year	0.40

Versus the Industry Index

Relative Valuation	574.32
Current Price	$ 402.72
Under (over) valued (IV/	42.6%

Relative to the S&P 500 Index	
Recommendation	Buy

IV. Summary and Composite Models

			Value	Deviation % From Price			Analyst Weight
I. Intrinsic Value Models:							
1. Dividend Discount Model: PE for Terminal Value	Valuation at Ke= 11.0%		$524.16	30.2%	Recommendation	Buy	23%
2. Dividend Discount Model: P/BV for Terminal Value	Valuation at Ke= 11.0%		$587.92	46.0%	Recommendation	Buy	24%
3. Free Cash Flow to the Firm (FCFF)	Valuation: WACC= 10.9%		$395.42	-1.8%	Recommendation	Hold	4%
4. Free Cash Flow to Equity (FCFE)	Valuation: Ke = 11.0%		$370.52	-8.0%	Recommendation	Hold	4%
II. Acquisition/Breakup Models:							
1. Value of Operations plus Cash (Working capital less debt)	Valuation: Ke = 11.0%		117.24	-70.9%	Recommendation	Sell	13%
2. Liquidation Value (last historical year)			17.98	-65.5%	Recommendation	Sell	6%
III. Relative Value Models	Buy Range	Sell Range					
1. Relative Value versus the S&P 500	1.30	1.80	350.90	-12.9%	Recommendation	Sell	9%
2. Relative Value versus the Industry	0.40	0.90	574.32	42.6%	Recommendation	Buy	17%
V. Composite Models							
1. Average of All Models	All Models		$367.31	-8.8%	Recommendation	Hold	
2. Average less Maximum and Minimum Models							
Min Model $17.98	Max Model	$587.92	$388.76	-3.5%	Recommendation	Hold	
3. Weighted by Analysts Forecasts			437.83	8.7%	Recommendation	Hold	100%

Current Price	$ 402.72