FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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PRICELINE COM INC
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 0-25581

PRICELINE.COM INCORPORATED

(Exact name of Registrant as specified in its charter)

Delaware	**06-1528493**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

800 Connecticut Avenue
Norwalk, Connecticut 06854
(address of principal executive offices)

(203) 299-8000
(Registrant' s telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed, since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Number of shares of Common Stock outstanding at October 31, 2011:

Common Stock, par value $0.008 per share	**49,783,482**
(Class)	(Number of Shares)

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priceline.com Incorporated
Form 10-Q

For the Three Months Ended September 30, 2011

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PART I – FINANCIAL INFORMATION

Item 1. Unaudited Consolidated Financial Statements

priceline.com Incorporated

UNAUDITED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	September 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 421,166	$ 358,967
Restricted cash	3,851	1,050
Short-term investments	1,983,467	1,303,251
Accounts receivable, net of allowance for doubtful accounts of $6,833 and $6,353 respectively	345,339	162,426
Prepaid expenses and other current assets	95,906	61,211
Deferred income taxes	32,248	70,559
Total current assets	2,881,977	1,957,464
Property and equipment, net	53,843	39,739
Intangible assets, net	210,693	232,030
Goodwill	510,154	510,894
Deferred income taxes	137,462	151,408
Other assets	21,444	14,418
Total assets	$ 3,815,573	$ 2,905,953
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 169,545	$ 90,311
Accrued expenses and other current liabilities	305,745	243,767
Deferred merchant bookings	213,802	136,915
Convertible debt (see Note 9)	492,169	175
Total current liabilities	1,181,261	471,168
Deferred income taxes	47,448	56,440
Other long-term liabilities	37,119	42,990

Convertible debt (see Note 9)	–	476,230
Total liabilities	1,265,828	1,046,828
Redeemable noncontrolling interests (see Note 12)	76,615	45,751
Convertible debt (see Note 9)	82,831	38
Stockholders' equity:		
Common stock, $0.008 par value; authorized 1,000,000,000 shares, 57,561,537 and 56,567,236 shares issued, respectively	446	438
Treasury stock, 7,778,107 and 7,421,128 shares, respectively	(802,784)	(640,415)
Additional paid-in capital	2,394,034	2,417,092
Accumulated earnings	858,438	69,110
Accumulated other comprehensive loss	(59,835)	(32,889)
Total stockholders' equity	2,390,299	1,813,336
Total liabilities and stockholders' equity	$ 3,815,573	$ 2,905,953

See Notes to Unaudited Consolidated Financial Statements.

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priceline.com Incorporated
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Merchant revenues	$ 573,230	$ 494,473	$ 1,558,564	$ 1,309,407
Agency revenues	876,601	504,010	1,797,204	1,034,765
Other revenues	2,973	3,274	9,071	9,419
Total revenues	1,452,804	1,001,757	3,364,839	2,353,591
Cost of revenues	352,656	335,569	1,009,657	923,032
Gross profit	1,100,148	666,188	2,355,182	1,430,559
Operating expenses:				
Advertising – Online	279,926	172,727	701,317	418,354
Advertising – Offline	8,035	7,773	29,463	29,684
Sales and marketing	47,124	33,060	122,931	85,663
Personnel, including stock-based compensation of $13,298, $21,176, $40,404 and $48,550, respectively	94,463	82,007	255,450	194,635
General and administrative	31,717	15,730	87,334	56,224
Information technology	8,548	5,347	23,456	14,850
Depreciation and amortization	13,957	12,775	40,087	33,312
Total operating expenses	483,770	329,419	1,260,038	832,722
Operating income	616,378	336,769	1,095,144	597,837
Other income (expense):				
Interest income	2,526	918	6,075	2,713

Interest expense	(7,879)	(8,293)	(23,389)	(22,366)
Foreign currency transactions and other	827	(10,715)	(8,696)	(12,806)
Total other income (expense)	(4,526)	(18,090)	(26,010)	(32,459)
Earnings before income taxes	611,852	318,679	1,069,134	565,378
Income tax expense	(138,966)	(94,119)	(235,959)	(172,347)
Net income	472,886	224,560	833,175	393,031
Less: net income attributable to noncontrolling interests	3,387	1,580	2,520	1,219
Net income applicable to common stockholders	$ 469,499	$ 222,980	$ 830,655	$ 391,812
Net income applicable to common stockholders per basic common share	$ 9.43	$ 4.59	$ 16.74	$ 8.24
Weighted average number of basic common shares outstanding	49,779	48,570	49,607	47,565
Net income applicable to common stockholders per diluted common share	$ 9.17	$ 4.41	$ 16.23	$ 7.70
Weighted average number of diluted common shares outstanding	51,184	50,559	51,193	50,917

See Notes to Unaudited Consolidated Financial Statements.

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priceline.com Incorporated
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011
(In thousands)

	Common Stock		Treasury Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	Comprehensive	
	Shares	Amount	Shares	Amount	Capital	Earnings	Income (Loss)	Income	Total
Balance, December 31, 2010	56,567	$ 438	(7,421)	$ (640,415)	$2,417,092	$ 69,110	$ (32,889)		$ 1,813,336
Net income applicable to common stockholders	–	–	–	–	–	830,655	–	$ 830,655	
Unrealized gain on marketable securities, net of tax of $112	–	–	–	–	–	–	180	180	
Currency translation adjustments, net of tax of $4,598	–	–	–	–	–	–	(27,126)	(27,126)	
Comprehensive income								$ 803,709	803,709

Redeemable noncontrolling interests fair value adjustments	–	–	–	–	–	(41,327)	–	(41,327)
Reclassification adjustment for convertible debt in mezzanine	–	–	–	–	(82,793)	–	–	(82,793)
Conversion of debt	5	–	–	–	–	–	–	–
Exercise of stock options and vesting of restricted stock units and/or performance share units	990	8	–	–	3,983	–	–	3,991
Repurchase of common stock	–	–	(357)	(162,369)	–	–	–	(162,369)
Stock-based compensation and other stock-based payments	–	–	–	–	40,756	–	–	40,756
Excess tax benefit on stock-based compensation	–	–	–	–	14,996	–	–	14,996
Balance, September 30, 2011	57,562	$ 446	(7,778)	$ (802,784)	$2,394,034	$ 858,438	$ (59,835)	$ 2,390,299

See Notes to Unaudited Consolidated Financial Statements.

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priceline.com Incorporated
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended September 30,	
	2011	2010
OPERATING ACTIVITIES:		
Net income	$ 833,175	$ 393,031
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	14,801	12,068
Amortization	25,286	24,193
Provision for uncollectible accounts, net	7,641	5,737

Deferred income taxes	34,170	33,650
Stock-based compensation expense and other stock-based payments	40,756	48,628
Amortization of debt issuance costs	1,676	2,785
Amortization of debt discount	15,944	14,948
Loss on early extinguishment of debt	32	11,334
Changes in assets and liabilities:		
Accounts receivable	(202,087)	(112,755)
Prepaid expenses and other current assets	5,981	(8,034)
Accounts payable, accrued expenses and other current liabilities	292,160	169,898
Other	(9,564)	1,897
Net cash provided by operating activities	1,059,971	597,380
INVESTING ACTIVITIES:		
Purchase of investments	(2,230,661)	(1,030,011)
Proceeds from sale of investments	1,529,998	665,925
Additions to property and equipment	(29,770)	(14,471)
Acquisitions and other equity investments, net of cash acquired	(67,973)	(110,972)
Proceeds from settlement of foreign currency contracts	5,205	44,564
Payments on foreign currency contracts	(42,032)	(4,283)
Change in restricted cash	(2,920)	156
Net cash used in investing activities	(838,153)	(449,092)
FINANCING ACTIVITIES:		
Proceeds from the issuance of convertible debt	–	575,000
Payment of debt issuance costs	–	(13,334)
Payments related to conversion of convertible debt	(213)	(295,398)
Repurchase of common stock	(162,369)	(125,653)
Payments to purchase subsidiary shares from noncontrolling interests	(12,986)	–
Proceeds from the sale of subsidiary shares to noncontrolling interests	–	4,311
Proceeds from exercise of stock options	3,991	24,623
Excess tax benefit on stock-based compensation	14,996	4,975
Net cash (used in) provided by financing activities	(156,581)	174,524
Effect of exchange rate changes on cash and cash equivalents	(3,038)	8,168
Net increase in cash and cash equivalents	62,199	330,980
Cash and cash equivalents, beginning of period	358,967	202,141
Cash and cash equivalents, end of period	$ 421,166	$ 533,121
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period for income taxes	$ 99,376	$ 61,568
Cash paid during the period for interest	$ 7,443	$ 4,639
Non-cash fair value increase for redeemable noncontrolling interests	$ 41,327	$ 4,118

See Notes to Unaudited Consolidated Financial Statements.

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priceline.com Incorporated
Notes to Unaudited Consolidated Financial Statements

1. BASIS OF PRESENTATION

Priceline.com Incorporated ("priceline.com" or the "Company") is responsible for the Unaudited Consolidated Financial Statements included in this document. The Unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include all normal and recurring adjustments that management of the Company considers necessary for a fair presentation of its financial position and operating results. The Company prepared the Unaudited Consolidated Financial Statements following the requirements of the Securities and Exchange Commission for interim reporting. As permitted under those rules, the Company condensed or omitted certain footnotes or other financial information that are normally required by GAAP for annual financial statements. These statements should be read in combination with the Consolidated Financial Statements in the Company' s Annual Report on Form 10-K for the year ended December 31, 2010.

The Unaudited Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries and its majority-owned interest in TravelJigsaw Holdings Limited since its acquisition in May 2010. All intercompany accounts and transactions have been eliminated in consolidation. The functional currency of the Company' s foreign subsidiaries is generally the respective local currency. Assets and liabilities are translated into U.S. Dollars at the rate of exchange existing at the balance sheet date. Income statement amounts are translated at the average exchange rates for the period. Translation gains and losses are included as a component of "Accumulated other comprehensive loss" in the accompanying Unaudited Consolidated Balance Sheets. Foreign currency transaction gains and losses are included in the Unaudited Consolidated Statements of Operations in "Foreign currency transactions and other."

Revenues, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these interim financial statements may not be the same as those for the full year.

Recent Accounting Pronouncements

In May 2010, the Financial Accounting Standards Board ("FASB") issued amended guidance on fair value to largely achieve common fair value measurement and disclosure requirements between U.S. GAAP and International Financial Reporting Standards ("IFRS"). The new accounting guidance does not extend the use of fair value but rather provides guidance about how fair value should be determined. For U.S. GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS. Amendments that clarify the Board' s intent under existing requirements include: (a) use of the highest and best use and valuation premise concept should be limited to nonfinancial assets; (b) disclosure should include quantitative information about the unobservable inputs used in a fair value measurement that is categorized within Level 3 of the fair value hierarchy; and (c) the fair value of an instrument classified in an entity' s equity should be valued from the perspective of a market participant that holds that instrument as an asset. The amended guidance changes requirements as follows: (a) disclosures are expanded, particularly those relating to fair value measurements based on unobservable inputs, (b) fair value measurements for financial assets and liabilities based on a net position are permitted if market or credit risks are managed on a net basis and other criteria are met, and (c) premiums and discounts are allowed only if a market participant would also include them in the fair value measurement. This accounting update is effective for public companies for interim or annual periods beginning after December 15, 2011, with early adoption permitted. The Company does not expect the adoption of this new accounting guidance will impact its accounting policies and practices or disclosures.

In June 2010, the FASB issued amended accounting guidance on the presentation of other comprehensive income in financial statements by requiring comprehensive income to be reported in either a single statement or in two consecutive statements reporting net income and other comprehensive income. The accounting guidance did not change the items that constitute net income or other comprehensive income, the timing of when other comprehensive income is reclassified to net income, or the earnings per share computation. The accounting update requires retrospective application. Public entities will be required to adopt the guidance for fiscal years, and interim

periods within those years, beginning after December 15, 2011, with early adoption permitted. The Company will comply with the change in presentation of other comprehensive income in the financial statements beginning in the first quarter of 2012.

In September 2011, the FASB issued an accounting update, which amends the guidance on testing goodwill for impairment. Under the revised guidance, entities testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting unit. If, based on the qualitative factors, it is more-likely-than not that the fair value of the reporting unit is less than its carrying value, then the unchanged two-step approach previously used would be required. The new accounting guidance does not change how goodwill is calculated, how goodwill is assigned to the reporting unit, or the requirements for testing goodwill annually or when events and circumstances warrant testing. The accounting update is effective for annual and interim periods beginning after December 15, 2011. Early adoption of the update is permitted. During the three months ended September 30, 2011, the Company performed its annual quantitative goodwill impairment testing, and concluded that the estimated fair value for each reporting unit substantially exceeds its respective carrying value. This new accounting guidance will not have a significant impact on the Company.

2. SUBSEQUENT EVENT

In October 2011, the Company entered into a $1 billion five-year unsecured revolving credit facility with a group of lenders. Borrowings under the revolving credit facility will bear interest, at the Company' s option, at a rate per annum equal to either (i) the adjusted LIBOR for the interest period in effect for such borrowing plus an applicable margin ranging from 1.00% to 1.50%; or (ii) the greatest of (a) JPMorgan Chase Bank, National Association' s prime lending rate, (b) the federal funds rate plus ½ of 1%, and (c) an adjusted LIBOR for an interest period of one month plus 1.00%, plus an applicable margin ranging from 0.00% to 0.50%. Undrawn balances available under the revolving credit facility are subject to commitment fees at the applicable rate ranging from 0.10% to 0.25%.

The revolving credit facility provides for the issuance of up to $100.0 million of letters of credit as well as borrowings of up to $50 million on same-day notice, referred to as swingline loans. Borrowings under the revolving credit facility may be made in U.S. dollars, Euros, Pounds Sterling and any other foreign currency agreed to by the lenders. The proceeds of loans made under the facility will be used for working capital and general corporate purposes. As of November 7, 2011, there were no borrowings under the facility, and approximately $1.8 million of letters of credit were issued under the facility.

Upon entering into this new revolving credit facility, the Company terminated its $175.0 million revolving credit facility entered into in 2007 (see Note 9).

3. STOCK-BASED EMPLOYEE COMPENSATION

The Company has adopted stock compensation plans which provide for grants of share based compensation as incentives and rewards to encourage employees, officers, and directors to contribute towards the long-term success of the Company. Stock-based compensation cost included in personnel expenses in the Unaudited Consolidated Statements of Operations was approximately $13.3 million and $21.2 million, and $40.4 million and $48.6 million for the three and nine months ended September 30, 2011 and 2010, respectively.

During the nine months ended September 30, 2011, stock options were exercised for 145,015 shares of common stock with a weighted average exercise price per share of $27.52. As of September 30, 2011, the aggregate number of stock options outstanding and exercisable was 210,453 shares, with a weighted average exercise price per share of $20.88 and a weighted average remaining term of 2.5 years.

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The following table summarizes the activity of unvested restricted stock, restricted stock units and performance share units ("Share-Based Awards") during the nine months ended September 30, 2011.

Share-Based Awards	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2010	**1,530,647**	**$ 130.93**
Granted	117,790	$ 465.07
Vested	(853,480)	$ 113.36
Performance Share Units Adjustment	(13,411)	$ 125.56
Forfeited	(70,179)	$ 176.95
Unvested at September 30, 2011	**711,367**	**$ 202.90**

As of September 30, 2011, there was $74.9 million of total future compensation cost related to unvested share-based awards to be recognized over a weighted-average period of 1.9 years.

During the three months ended September 30, 2011, the Company made broad-based grants of 607 restricted stock units ("RSUs") that generally vest over four years. The share-based awards granted had a total grant date fair value of $0.3 million based upon the grant date fair value per share of $500.16.

During the three months ended June 30, 2011, the Company made broad-based grants of 191 RSUs that generally vest over four years. The share-based awards granted had a total grant date fair value of $0.1 million based upon the grant date fair value per share of $523.96.

During the three months ended March 31, 2011, the Company made broad-based grants of 39,848 RSUs that generally vest after three years. The share based awards granted had a total grant date fair value of $18.5 million based upon the grant date fair value per share of $464.79.

In addition, during the three months ended March 31, 2011, the Company granted 77,144 performance share units to certain executives. The performance share units had a total grant date fair value of $35.9 million based upon the grant date fair value per share of $464.79. The performance share units are payable in shares of the Company' s common stock upon vesting. Subject to certain exceptions for terminations related to a change in control and terminations other than for "cause," for "good reason" or on account of death or disability, the executive officers must continue their service through March 1, 2014 in order to receive any shares. Stock-based compensation for performance share units is recorded based on the estimated probable outcome at the end of the performance period. The actual number of shares to be issued on the vesting date will be determined upon completion of the performance period which ends December 31, 2013. As of September 30, 2011, the estimated number of probable shares to be issued under this 2011 grant is a total of 77,144 shares. If the maximum performance thresholds are met at the end of the performance period, a maximum number of 164,508 total shares could be issued. If the minimum performance thresholds are not met, 22,796 shares would be issued at the end of the performance period.

2010 Performance Shares Units

During the year ended December 31, 2010, the Company granted 110,430 performance shares units with a grant date fair value of $26.0 million, based on a weighted average grant date fair value per share of $235.34. The actual number of shares will be determined upon completion of the performance period which ends December 31, 2012.

At September 30, 2011, there were 93,745 unvested performance share units outstanding, net of actual forfeitures and vesting. As of September 30, 2011, the number of shares estimated to be issued at the end of the performance period is a total of 216,793 shares. If the maximum performance thresholds are met at the end of the performance period, a maximum of 226,505 total shares could be issued.

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4. NET INCOME PER SHARE

The Company computes basic net income per share by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share is based upon the weighted average number of common and common equivalent shares outstanding during the period.

Common equivalent shares related to stock options, restricted stock, restricted stock units, and performance share units are calculated using the treasury stock method. Performance share units are included in the weighted average common equivalent shares based on the number of shares that would be issued if the end of the reporting period were the end of the performance period and if the result would be dilutive.

The Company' s convertible debt issues have net share settlement features requiring the Company upon conversion to settle the principal amount of the debt for cash and the conversion premium for cash or shares of the Company' s common stock, at the Company' s option. The convertible notes are included in the calculation of diluted net income per share if their inclusion is dilutive under the treasury stock method.

A reconciliation of the weighted average number of shares outstanding used in calculating diluted earnings per share is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Weighted average number of basic common shares outstanding	49,779	48,570	49,607	47,565
Weighted average dilutive stock options, restricted stock, restricted stock units and performance share units	622	1,402	854	1,524
Assumed conversion of convertible debt	783	587	732	1,828
Weighted average number of diluted common and common equivalent shares outstanding	51,184	50,559	51,193	50,917
Anti-dilutive potential common shares	1,558	2,629	1,441	2,582

Anti-dilutive potential common shares for the three and nine months ended September 30, 2011 includes approximately 1.1 million shares and 1.2 million shares, respectively, which could be issued under the Company' s convertible debt if the Company experiences substantial increases in its common stock price. Under the treasury stock method, the convertible debt will generally have a dilutive impact on net income per share if the Company' s average stock price for the period exceeds the conversion price for the convertible debt.

The Company has Conversion Spread Hedges outstanding at September 30, 2011, which were designed to reduce potential dilution upon conversion of the Company' s 0.75% Convertible Senior Notes due 2013 (the "2013 Notes") at their stated maturity date (see Note 9). Since the beneficial impact of the Conversion Spread Hedges was anti-dilutive, it was excluded from the calculation of net income per share.

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5. INVESTMENTS

The following table summarizes, by major security type, the Company' s short-term investments as of September 30, 2011 (in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale securities				
Foreign government securities	$ 1,142,648	$ 817	$ (386)	$ 1,143,079
U.S. government securities	757,002	357	(55)	757,304
U.S. agency securities	52,538	9	(2)	52,545
U.S. corporate notes	30,365	174	–	30,539
Total	$ 1,982,553	$ 1,357	$ (443)	$ 1,983,467

As of September 30, 2011, foreign government securities included investments in debt securities issued by the governments of Germany, the Netherlands, France and the United Kingdom. The U.S. corporate notes are guaranteed by the federal government.

The following table summarizes, by major security type, the Company' s short-term investments as of December 31, 2010 (in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale securities				
Foreign government securities	$ 682,841	$ 558	$ (81)	$ 683,318
U.S. government securities	469,116	158	(66)	469,208
U.S. agency securities	109,920	15	(30)	109,905
U.S. corporate notes	40,845	–	(25)	40,820
Total	$ 1,302,722	$ 731	$ (202)	$ 1,303,251

There were no material realized gains or losses related to investments for the three or nine months ended September 30, 2011 or 2010.

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6. FAIR VALUE MEASUREMENTS

Financial assets and liabilities carried at fair value as of September 30, 2011 are classified in the table below in the categories described below (in thousands):

	Level 1	Level 2	Level 3	Total
ASSETS:				
Short-term investments				
Foreign government securities	$ –	$ 1,143,079	$ –	$ 1,143,079
U.S. government securities	–	757,304	–	757,304
U.S. agency securities	–	52,545	–	52,545
U.S. corporate notes	–	30,539	–	30,539
Foreign exchange derivatives	–	45,849	–	45,849
Total assets at fair value	$ –	$ 2,029,316	$ –	$ 2,029,316

	Level 1	Level 2	Level 3	Total
LIABILITIES:				
Foreign exchange derivatives	$ –	$ 1,669	$ –	$ 1,669
Redeemable noncontrolling interests	–	–	76,615	76,615
Total liabilities at fair value	$ –	$ 1,669	$ 76,615	$ 78,284

Financial assets and liabilities carried at fair value as of December 31, 2010 were classified in the table below in the categories described below (in thousands):

	Level 1	Level 2	Level 3	Total
ASSETS:				
Short-term investments				
Foreign government securities	$ –	$ 683,318	$ –	$ 683,318
U.S. government securities	–	469,208	–	469,208
U.S. agency securities	–	109,905	–	109,905
U.S. corporate notes	–	40,820	–	40,820
Long-term investments	–	394	–	394
Foreign exchange derivatives	–	4,970	–	4,970
Total assets at fair value	$ –	$ 1,308,615	$ –	$ 1,308,615

	Level 1	Level 2	Level 3	Total
LIABILITIES:				
Foreign exchange derivatives	$ –	$ 6,995	$ –	$ 6,995
Redeemable noncontrolling interests	–	–	45,751	45,751
Total liabilities at fair value	$ –	$ 6,995	$ 45,751	$ 52,746

There are three levels of inputs to measure fair value. The definition of each input is described below:

Level 1: Quoted prices in active markets that are accessible by the Company at the measurement date for identical assets and liabilities.

Level 2: Inputs that are observable, either directly or indirectly. Such prices may be based upon quoted prices for identical or comparable securities in active markets or inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available.

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For the Company' s short-term investments, a market approach is used for recurring fair value measurements and the valuation techniques use inputs that are observable, or can be corroborated by observable data, in an active marketplace. Investments in U.S. Treasury and foreign government securities are considered "Level 2" fair value measurements as of September 30, 2011 and December 31, 2010 because the Company has access to quoted prices, but does not have visibility to the volume and frequency of trading for all of these investments. Fair values for U.S. agency securities and U.S. corporate notes, which are guaranteed by the federal government, are considered "Level 2" fair value measurements because they are obtained from pricing sources for these or comparable instruments.

The Company' s derivative instruments are valued using pricing models. Pricing models take into account the contract terms as well as multiple inputs where applicable, such as interest rate yield curves, option volatility and currency rates.

As of September 30, 2011 and December 31, 2010, the Company considers its redeemable noncontrolling interests to represent a "Level 3" fair value measurement that requires a high degree of judgment to determine fair value. The Company estimated such fair value based upon standard valuation techniques using discounted cash flow analysis and industry peer comparable analysis. See Note 12 for further information on redeemable noncontrolling interests.

As of September 30, 2011 and December 31, 2010, the carrying value of the Company' s cash and cash equivalents approximated their fair value and consisted primarily of foreign government securities, U.S. Treasury money market funds and bank deposits. Other financial assets and liabilities, including restricted cash, accounts receivable, accrued expenses and deferred merchant bookings are carried at cost which approximates their fair value because of the short-term nature of these items. See Note 5 for information on the carrying value of investments and Note 9 for the estimated fair value of the Company' s convertible debt.

In the normal course of business, the Company is exposed to the impact of foreign currency fluctuations. The Company limits these risks by following established risk management policies and procedures, including the use of derivatives. The Company' s derivative instruments are typically short-term in nature. The Company does not use derivatives for trading or speculative purposes. All derivative instruments are recognized in the Unaudited Consolidated Balance Sheets at fair value. Gains and losses resulting from changes in the fair value of derivative instruments which are not designated as hedging instruments for accounting purposes are recognized in the Unaudited Consolidated Statements of Operations in the period that the changes occur. Changes in the fair value of derivatives designated as net investment hedges are recorded as currency translation adjustments to offset a portion of the translation adjustment of the foreign subsidiary' s net assets and are recognized in the Unaudited Consolidated Balance Sheets in "Accumulated other comprehensive loss."

Derivatives Not Designated as Hedging Instruments − The Company is exposed to adverse movements in currency exchange rates as the financial results of its international operations are translated from local currency into U.S. Dollars upon consolidation. The Company' s derivative contracts principally address foreign exchange fluctuations for the Euro and British Pound Sterling. As of September 30, 2011, there were no outstanding derivative contracts. As of December 31, 2010, these derivatives resulted in a liability of $0.2 million and were recorded in "Accrued expenses and other current liabilities" on the Unaudited Consolidated Balance Sheet. Foreign exchange gains of $3.9 million and $1.9 million for the three and nine months ended September 30, 2011, respectively, and foreign exchange losses of $6.1 million and foreign exchange gains of $2.1 million for the three and nine months ended September 30, 2010, respectively, were recorded in "Foreign currency transactions and other" in the Unaudited Consolidated Statements of Operations.

Derivatives associated with foreign currency transaction risks as of September 30, 2011 resulted in an asset of $0.4 million, which was recorded in "Prepaid and other current assets", and a liability of $1.7 million, which is recorded in "Accrued expenses and other current liabilities" in the Unaudited Consolidated Balance Sheet. Derivatives associated with foreign currency transaction risks as of December 31, 2010 resulted in an asset of $1.0 million and was recorded in "Prepaid expenses and other current assets" in the

Unaudited Consolidated Balance Sheet. Foreign exchange losses of $0.9 million and $1.0 million for the three and nine months ended September 30, 2011, respectively, and foreign exchange losses of $0.1 million and foreign exchange gains of $0.3 million for the

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three and nine months ended September 30, 2010, respectively, were recorded in "Foreign currency transactions and other" in the Unaudited Consolidated Statements of Operations.

The settlement of derivative contracts resulted in a net cash outflow of $2.8 million for the nine months ended September 30, 2011 compared to net cash received of $5.7 million for the nine months ended September 30, 2010 and are reported within "Net cash provided by operating activities" on the Unaudited Consolidated Statements of Cash Flows.

Derivatives Designated as Hedging Instruments − As of September 30, 2011 and December 31, 2010, the Company had outstanding foreign currency forward contracts for 605 million Euros and 378 million Euros, respectively, to hedge a portion of its net investment in a foreign subsidiary. These contracts are all short-term in nature. Hedge ineffectiveness is assessed and measured based on changes in forward exchange rates. The fair value of these derivatives at September 30, 2011 was an asset of $45.5 million and is recorded in "Prepaid expenses and other current assets" in the Unaudited Consolidated Balance Sheet. At December 31, 2010, the net liability of $2.8 million was recorded as a liability of $6.8 million in "Accrued expenses and other current liabilities" and as an asset of $4.0 million in "Prepaid expenses and other current assets" in the Unaudited Consolidated Balance Sheet. A net cash outflow of $36.8 million for the nine months ended September 30, 2011, compared to net cash received of $40.3 million for the nine months ended September 30, 2010, was reported within "Net cash used in investing activities" on the Unaudited Consolidated Statements of Cash Flows.

7. INTANGIBLE ASSETS AND GOODWILL

The Company' s intangible assets consist of the following (in thousands):

	September 30, 2011			December 31, 2010				
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Amortization Period	Weighted Average Useful Life
Supply and distribution agreements	$ 264,252	$ (93,239)	$ 171,013	$ 264,491	$ (76,823)	$ 187,668	10 - 13 years	12 years
Technology	23,546	(23,222)	324	23,549	(22,119)	1,430	3 years	3 years
Patents	1,638	(1,387)	251	1,638	(1,352)	286	15 years	15 years
Customer lists	20,327	(19,040)	1,287	20,338	(17,512)	2,826	2 years	2 years
Internet domain names	5,080	(465)	4,615	1,853	(126)	1,727	2 - 20 years	10 years
Trade names	52,994	(19,816)	33,178	53,099	(15,064)	38,035	5 - 20 years	11 years
Other	345	(320)	25	344	(286)	58	3 - 10 years	4 years

Total intangible assets	$ 368,182	$ (157,489)	$ 210,693	$ 365,312	$ (133,282)	$ 232,030

Intangible assets with determinable lives are primarily amortized on a straight-line basis. Intangible asset amortization expense was approximately $8.4 million and $10.6 million for the three months ended September 30, 2011 and 2010, respectively, and approximately $25.3 million and $24.2 million for the nine months ended September 30, 2011 and 2010, respectively.

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The estimated amortization expense for intangible assets for the remainder of 2011, the annual expense for the next five years, and the expense thereafter is expected to be as follows (in thousands):

2011	$ 7,826
2012	29,952
2013	28,680
2014	28,606
2015	25,900
2016	23,317
Thereafter	66,412
	$ 210,693

The change in goodwill for the nine months ended September 30, 2011 consists of the following (in thousands):

Balance at December 31, 2010	$ 510,894
Currency translation adjustments	(740)
Balance at September 30, 2011	$ 510,154

A substantial majority of the Company' s goodwill relates to the acquisition of Booking.com. In addition, the acquisition of TravelJigsaw Holdings Limited in May 2010 increased goodwill by $105.3 million (refer to Note 12). During the three months ended September 30, 2011, the Company performed its annual goodwill impairment testing and concluded that the estimated fair value for Booking.com, as well as the Company' s other reporting units, substantially exceeds their respective carrying values.

8. OTHER ASSETS

Other assets at September 30, 2011 and December 31, 2010 consist of the following (in thousands):

	September 30, 2011	December 31, 2010
Deferred debt issuance costs	$ 7,900	$ 9,576
Other	13,544	4,842
Total	$ 21,444	$ 14,418

Deferred debt issuance costs arose from (i) the Company' s issuance, in March 2010, of $575.0 million aggregate principal amount of 1.25% Convertible Senior Notes due 2015 (the "2015 Notes"); (ii) a $175.0 million revolving credit facility entered into in September 2007; and (iii) the Company' s issuance, in September 2006, of $172.5 million aggregate principal amount of 2013 Notes. Deferred debt issuance costs are being amortized using the effective interest rate method over the term of approximately five years, except for the 2013 Notes which were amortized over their term of seven years. The period of amortization for the Company' s debt

issue costs was determined at inception of the related debt agreements based upon the stated maturity date. Unamortized debt issuance costs written off to interest expense in the three and nine months ended September 30, 2010 resulting from conversions of convertible debt amounted to $0.3 million and $1.3 million, respectively. Unamortized debt issuance costs written off in the nine months ended September 30, 2011 for debt conversions were insignificant.

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9. DEBT

Revolving Credit Facility

In September 2007, the Company entered into a $175.0 million five-year committed revolving credit facility with a group of lenders, which is secured, subject to certain exceptions, by a first-priority security interest on substantially all of the Company' s assets and related intangible assets located in the United States. In addition, the Company' s obligations under the revolving credit facility are guaranteed by substantially all of the assets and related intangible assets of the Company' s material direct and indirect domestic and foreign subsidiaries. Borrowings under the revolving credit facility will bear interest, at the Company' s option, at a rate per annum equal to the greater of (a) JPMorgan Chase Bank, National Association' s prime lending rate and (b) the federal funds rate plus ½ of 1%, plus an applicable margin ranging from 0.25% to 0.75%; or at an adjusted LIBOR for the interest period in effect for such borrowing plus an applicable margin ranging from 1.25% to 1.75%. Undrawn balances available under the revolving credit facility are subject to commitment fees at the applicable rate ranging from 0.25% to 0.375%.

The revolving credit facility provides for the issuance of up to $50.0 million of letters of credit as well as borrowings on same-day notice, referred to as swingline loans, which are available in U.S. Dollars, Euros, Pound Sterling and any other foreign currency agreed to by the lenders. The proceeds of loans made under the facility will be used for working capital and general corporate purposes. At both September 30, 2011 and December 31, 2010, there were no borrowings outstanding under the facility, and approximately $1.8 million and $1.6 million, respectively, of letters of credit were issued under the revolving credit facility.

In October 2011, the Company entered into a $1 billion five-year unsecured revolving credit facility with a group of lenders. Upon entering into this new revolving credit facility, the Company terminated its $175.0 million revolving credit facility (see Note 2).

Convertible Debt

Convertible debt as of September 30, 2011 consists of the following (in thousands):

September 30, 2011	Outstanding Principal Amount	Unamortized Debt Discount	Carrying Value
1.25% Convertible Senior Notes due March 2015	$ 575,000	$ (82,831)	$ 492,169

Convertible debt as of December 31, 2010 consisted of the following (in thousands):

December 31, 2010	Outstanding Principal Amount	Unamortized Debt Discount	Carrying Value
1.25% Convertible Senior Notes dues March 2015	$ 575,000	$ (98,770)	$ 476,230
0.75% Convertible Senior Notes due September 2013	213	(38)	175

Outstanding convertible debt	$ 575,213	$ (98,808)	$ 476,405

Based upon the closing price of the Company' s common stock for the prescribed measurement period during the three months ended December 31, 2010, the contingent conversion thresholds on the 2013 Notes were exceeded. As a result, the 2013 Notes were convertible at the option of the holders as of December 31, 2010, and accordingly were classified as a current liability as of that date. The remaining outstanding principal amount of the 2013 Notes was converted during the three months ended June 30, 2011.

The contingent conversion threshold for the prescribed measurement period during the three months ended September 30, 2011 was exceeded for the 2015 Notes. Therefore, the 2015 Notes are convertible at the option of the holders. Accordingly, the Company reported the carrying value of the 2015 Notes as a current liability as of September 30, 2011. Since these notes are convertible at the option of the holders and the principal amount is required to be paid in cash, the difference between the principal amount and carrying value is reflected as convertible debt in the mezzanine section on the Company' s Unaudited Consolidated Balance Sheet. Therefore, with respect to the 2015 Notes, the Company reclassified $82.8 million from additional paid-in-capital to convertible

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debt in the mezzanine section on the Company' s Unaudited Consolidated Balance Sheet as of September 30, 2011. The determination of whether or not the 2015 Notes are convertible must continue to be performed on a quarterly basis. Consequently, the 2015 Notes may not be convertible in future quarters, and therefore may again be classified as long-term debt, if the contingent conversion threshold is not met in such quarters.

In the nine months ended September 30, 2011, the Company delivered cash of $0.2 million to repay the principal amount and issued 4,869 shares of its common stock in satisfaction of the conversion value in excess of the principal amount for convertible debt that was converted prior to maturity. In the nine months ended September 30, 2010, the Company delivered cash of $195.6 million to repay the principal amount and issued 3,457,785 shares of its common stock and delivered cash of $99.8 million in satisfaction of the conversion value in excess of the principal amount for convertible debt that was converted prior to maturity.

As of September 30, 2011 and December 31, 2010, the estimated market value of the outstanding convertible debt was approximately $0.9 billion for both periods. Fair value was estimated based upon actual trades at the end of the reporting period or the most recent trade available as well as the Company' s stock price at the end of the reporting period. A substantial portion of the market value of the Company' s debt in excess of the outstanding principal amount relates to the conversion premium on the bonds.

Description of Senior Notes

In March 2010, the Company issued in a private placement $575.0 million aggregate principal amount of Convertible Senior Notes due March 15, 2015, with an interest rate of 1.25% (the "2015 Notes"). The Company paid $12.9 million in debt issuance costs during the three months ended March 31, 2010, related to this offering. The 2015 Notes are convertible, subject to certain conditions, into the Company' s common stock at a conversion price of approximately $303.06 per share. The 2015 Notes are convertible, at the option of the holder, prior to March 15, 2015 upon the occurrence of specified events, including, but not limited to a change in control, or if the closing sales price of the Company' s common stock for at least 20 consecutive trading days in the period of the 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is more than 150% of the applicable conversion price in effect for the notes on the last trading day of the immediately preceding quarter. In the event that all or substantially all of the Company' s common stock is acquired on or prior to the maturity of the 2015 Notes in a transaction in which the consideration paid to holders of the Company' s common stock consists of all or substantially all cash, the Company would be required to make additional payments in the form of additional shares of common stock to the holders of the 2015 Notes in aggregate value ranging from $0 to approximately $132.7 million depending upon the date of the transaction and the then current stock price of the Company. As of December 15, 2014, holders will have the right to convert all or any portion of the 2015 Notes. The 2015 Notes may not be redeemed

by the Company prior to maturity. The holders may require the Company to repurchase the 2015 Notes for cash in certain circumstances. Interest on the 2015 Notes is payable on March 15 and September 15 of each year.

In 2006, the Company issued in a private placement $172.5 million aggregate principal amount of Convertible Senior Notes due September 30, 2013, with an interest rate of 0.75% (the "2013 Notes"). The 2013 Notes were convertible, subject to certain conditions, into the Company' s common stock at a conversion price of approximately $40.38 per share. The 2013 Notes were not redeemable by the Company prior to maturity.

In 2006, the Company entered into hedge transactions relating to the potential dilution of the Company' s common stock upon conversion of the 2013 Notes (the "Conversion Spread Hedges"). Under the Conversion Spread Hedges, the Company is entitled to purchase from Goldman Sachs and Merrill Lynch approximately 4.3 million shares of the Company' s common stock (the number of shares underlying the 2013 Notes) at a strike price of $40.38 per share (subject to adjustment in certain circumstances) in 2013, and the counterparties are entitled to purchase from the Company approximately 4.3 million shares of the Company' s common stock at a strike price of $50.47 per share (subject to adjustment in certain circumstances) in 2013. The Conversion Spread Hedges are separate transactions entered into by the Company with the counterparties and are not part of the terms of the 2013 Notes. The Conversion Spread Hedges did not immediately hedge against the associated dilution from early conversions of the 2013 Notes prior to their stated maturities. Therefore, upon early conversion of the 2013 Notes, the Company has delivered any related conversion premium in shares of stock or a combination of cash and shares.

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However, the hedging counterparties were not obligated to deliver the Company shares or cash that would offset the dilution associated with the early conversion activity. Because of this timing difference, the number of shares, if any, that the Company receives from its Conversion Spread Hedges can differ materially from the number of shares that it was required to deliver to the holders of the 2013 Notes upon their early conversion. The actual number of shares to be received will depend upon the Company' s stock price on the date the Conversion Spread Hedges are exercisable, which coincides with the scheduled maturity of the 2013 Notes.

Accounting guidance requires that cash-settled convertible debt, such as the Company' s convertible senior notes, be separated into debt and equity components at issuance and a value to be assigned to each. The value assigned to the debt component is the estimated fair value, as of the issuance date, of a similar bond without the conversion feature. The difference between the bond cash proceeds and this estimated fair value, representing the value assigned to the equity component, is recorded as a debt discount. Debt discount is amortized using the effective interest method over the period from origination date through the stated maturity date. The Company estimated the straight debt borrowing rates at debt origination to be 5.89% for the 2015 Notes and 8.0% for the 2013 Notes. The yield to maturity was estimated at an at-market coupon priced at par.

For the three months ended September 30, 2011 and 2010, the Company recognized interest expense of $7.7 million for both periods related to convertible notes. Interest expense was comprised of $1.8 million and $1.7 million, respectively, for the contractual coupon interest, $5.4 million and $5.5 million, respectively, related to the amortization of debt discount and $0.5 million for both periods related to the amortization of debt issuance costs. In addition, unamortized debt issuance costs written off to interest expense related to debt converted prior to maturity in 2010 amounted to approximately $0.3 million. There were no debt conversions for the three months ended September 30, 2011. The effective interest rate for the three months ended September 30, 2011 and 2010 was 6.3% and 6.5%, respectively.

For the nine months ended September 30, 2011 and 2010, the Company recognized interest expense of $22.8 million and $20.2 million, respectively, related to convertible notes. Interest expense was comprised of $5.4 million and $4.0 million, respectively, for the contractual coupon interest, $15.9 million and $15.0 million, respectively, related to the amortization of debt discount and $1.5 million and $1.2 million, respectively, related to the amortization of debt issuance costs. In addition, unamortized debt issuance costs written

off to interest expense related to debt converted prior to maturity in 2010 amounted to approximately $1.3 million, while costs associated with 2011 debt conversions were insignificant. The effective interest rate for the nine months ended September 30, 2011 and 2010 was 6.3% and 6.9%, respectively.

In addition, if the Company' s convertible debt is redeemed or converted prior to maturity, a gain or loss on extinguishment will be recognized. The gain or loss is the difference between the fair value of the debt component immediately prior to extinguishment and its carrying value. To estimate the fair value at each conversion date, the Company used an applicable LIBOR rate plus an applicable credit default spread based upon the Company' s credit rating at the respective conversion dates. In the three and nine months ended September 30, 2010, the Company recognized losses of $3.2 million ($1.9 million after tax) and $11.3 million ($6.8 million after tax), respectively, in "Foreign currency transactions and other" in the Unaudited Consolidated Statement of Operations. The losses recognized for the nine months ended September 30, 2011 for debt conversions were insignificant.

10. TREASURY STOCK

As of September 30, 2011, the Company has a remaining amount from all authorizations granted by the Board of Directors of $459.2 million to purchase its common stock. The Company may make additional repurchases of shares under its stock repurchase programs, depending on prevailing market conditions, alternate uses of capital and other factors. Whether and when to initiate and/or complete any purchase of common stock and the amount of common stock purchased will be determined in the Company' s complete discretion.

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The Company' s Board of Directors has also given the Company the general authorization to repurchase shares of its common stock to satisfy employee withholding tax obligations related to stock-based compensation. The Company repurchased 356,979 shares and 84,002 shares at aggregate costs of $162.4 million and $19.6 million in the nine months ended September 30, 2011 and 2010, respectively, to satisfy employee withholding taxes related to stock-based compensation.

As of September 30, 2011, there were approximately 7.8 million shares of the Company' s common stock held in treasury.

In the first quarter of 2010, the Company' s Board of Directors authorized the repurchase of up to $500 million of the Company' s common stock, including the approval to purchase up to $100 million using proceeds from the issuance of the 2015 Notes. The Company repurchased 0.4 million shares of its common stock at an aggregate cost of approximately $100 million in the three months that ended March 31, 2010. During the three months ended June 30, 2010, the Company repurchased 32,487 shares of its common stock at an aggregate cost of approximately $6.1 million.

11. INCOME TAXES

Income tax expense includes U.S. and international income taxes, determined using an estimate of the Company' s annual effective tax rate. A deferred tax liability is recognized for all taxable temporary differences, and a deferred tax asset is recognized for all deductible temporary differences and operating loss and tax credit carryforwards. A valuation allowance is recognized if it is more likely than not that some portion of the deferred tax asset will not be realized.

The Company recognizes income tax expense related to income generated outside of the United States based upon the applicable tax rates and tax laws of the foreign countries in which the income is generated. During the three and nine months ended September 30, 2011 and 2010, the substantial majority of the Company' s foreign-sourced income has been generated in the Netherlands and the United Kingdom. Income tax expense for the three and nine months ended September 30, 2011 and 2010 differs from the expected tax expense at the U.S. statutory rate of 35%, primarily due to lower foreign tax rates, partially offset by state income taxes

and certain non-deductible expenses. In addition, following the conclusion of an audit, the Company reversed a reserve of approximately $12.5 million in the three months ended June 30, 2011 for unrecognized tax benefits attributable to tax positions taken in 2010. The Company does not expect further significant changes in the amount of unrecognized tax benefits during the next twelve months.

Effective January 1, 2010, the Netherlands modified its corporate income tax law related to income generated from qualifying "innovative" activities ("Innovation Box Tax"). Earnings that qualify for the Innovation Box Tax will effectively be taxed at the rate of 5% rather than the Dutch statutory rate of 25%. Booking.com obtained a ruling from the Dutch tax authorities in February 2011 confirming that a portion of its earnings ("qualifying earnings") is eligible for Innovation Box Tax treatment. The ruling from the Dutch tax authorities is valid from January 1, 2010 through December 31, 2013 (the "Initial Period"). In this ruling, the Dutch tax authorities require that the Innovation Box Tax benefit be phased in over a multi-year period. The amount of qualifying earnings expressed as a percentage of the total pretax earnings in the Netherlands will vary depending upon the level of total pretax earnings that is achieved in any given year.

In order to be eligible for Innovation Box Tax treatment, Booking.com must, among other things, apply for and obtain a research and development ("R&D") certificate from a Dutch governmental agency every six months confirming that the activities that Booking.com intends to be engaged in over the subsequent six month period are "innovative." Should Booking.com fail to secure such a certificate in any such period − for example, because the governmental agency does not view Booking.com' s new or anticipated activities as "innovative" − or should this agency determine that the activities contemplated to be performed in a prior year were not performed as contemplated or did not comply with the agency' s requirements, Booking.com may lose its certificate and, as a result, the Innovation Box Tax benefit may be reduced or eliminated.

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After the Initial Period, Booking.com intends to reapply for continued Innovation Box Tax treatment for future periods. There can be no assurance that Booking.com' s application will be accepted, or that the amount of qualifying earnings or applicable tax rates will not be reduced at that time. In addition, there can be no assurance that the tax law will not change in 2011 and/or future years resulting in a reduction or elimination of the tax benefit.

The Innovation Box Tax did not have a material impact on the Company' s 2010 results. The Company currently expects the impact of the Innovation Box Tax to reduce its consolidated effective income tax rate for 2011 by approximately two to four percentage points.

The Company has significant deferred tax assets, resulting principally from domestic net operating loss carryforwards ("NOLs"). At December 31, 2010, the Company had approximately $2.7 billion of NOLs for U.S. federal income tax purposes, comprised of $0.6 billion of NOLs generated from operating losses and approximately $2.1 billion of NOLs generated from equity-related transactions, including equity-based compensation and stock warrants, mainly expiring from December 31, 2019 to December 31, 2021. The utilization of these NOLs is subject to limitation under Section 382 of the Internal Revenue Code and is also dependent on the Company' s ability to generate sufficient future taxable income.

Section 382 imposes limitations on the availability of a company' s net operating losses after a more than 50 percentage point ownership change occurs. The Section 382 limitation is based upon certain conclusions pertaining to the dates of ownership changes and the value of the Company on the dates of the ownership changes. As a result of a study, it was determined that ownership changes, as defined in Section 382, occurred in 2000 and 2002. The amount of the Company' s net operating losses incurred prior to each ownership change is limited based on the value of the Company on the respective dates of ownership change. As of the beginning of the year, it is estimated that the effect of Section 382 will generally limit the total cumulative amount of net operating loss available to offset future taxable income to approximately $1.3 billion, comprised of $0.6 billion of NOLs generated from operating losses which

have been fully reflected in the Unaudited Consolidated Financial Statements and $0.7 billion of NOLs generated from equity-related transactions. At December 31, 2010, the Company had additional federal tax benefits of $87.8 million, generated since January 1, 2006, related to equity transactions that are not recorded in our deferred tax asset accounts. In accordance with accounting guidance, tax benefits related to equity transactions will be recognized as a credit to additional paid-in capital if and when they are realized by reducing the Company' s current income tax liability. Pursuant to Section 382, future ownership changes, if any, could further limit this amount.

The Company periodically evaluates the likelihood of the realization of deferred tax assets, and reduces the carrying amount of these deferred tax assets by a valuation allowance to the extent it believes a portion will not be realized. The Company considers many factors when assessing the likelihood of future realization of the deferred tax assets, including its recent cumulative earnings experience by taxing jurisdiction, expectations of future income, the carryforward periods available for tax reporting purposes, and other relevant factors. The deferred tax asset at September 30, 2011 and December 31, 2010 amounted to $169.7 million and $222.0 million, net of the valuation allowance recorded, respectively.

The Company has recorded a non-current deferred tax liability in the amount of $47.4 million and $56.4 million at September 30, 2011 and December 31, 2010, respectively, primarily related to the assignment of estimated fair value to certain purchased identifiable intangible assets associated with various international acquisitions.

As an international corporation providing hotel reservation services available around the world, the Company is subject to income taxes as well as non-income based taxes, in both the United States and various foreign jurisdictions. Significant judgment is required in determining the Company' s worldwide provision for income taxes and other tax liabilities. Although the Company believes that its tax estimates are reasonable, there is no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in the Company' s historical income tax provisions and accruals. To date, we have been audited in several taxing jurisdictions with no significant adjustments as a result. The Internal Revenue Service initiated an audit of our federal income tax returns in the third quarter of 2011.

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12. REDEEMABLE NONCONTROLLING INTERESTS

On May 18, 2010, the Company, through its wholly-owned subsidiary, Priceline.com International Limited ("PIL"), paid $108.5 million, net of cash acquired, to purchase a controlling interest of the outstanding equity of TravelJigsaw Holdings Limited and its operating subsidiary, TravelJigsaw Limited (collectively, "TravelJigsaw"), a Manchester, UK-based international rental car reservation service.

Certain key members of TravelJigsaw' s management team retained a noncontrolling ownership interest in TravelJigsaw Holdings Limited. In addition, certain key members of the management team of Booking.com purchased a 3% ownership interest in TravelJigsaw from PIL in June 2010 (together with TravelJigsaw management' s investment, the "Redeemable Shares"). The holders of the Redeemable Shares have the right to put their shares to PIL and PIL will have the right to call the shares in each case at a purchase price reflecting the fair value of the Redeemable Shares at the time of exercise. Subject to certain exceptions, one-third of the Redeemable Shares have been or will be, as the case may be, subject to the put and call options in each of 2011, 2012 and 2013, respectively, during specified option exercise periods. In April 2011, in connection with the exercise of March 2011 call and put options, PIL purchased a portion of the shares underlying redeemable noncontrolling interests for an aggregate purchase price of approximately $13.0 million. As a result of the April 2011 purchase, the redeemable noncontrolling interests in TravelJigsaw Holdings Limited were reduced from 24.4% to 19.0%.

Redeemable noncontrolling interests are measured at fair value, both at the date of acquisition and subsequently at each reporting period. The redeemable noncontrolling interests are reported on the Company' s Unaudited Consolidated Balance Sheets in the mezzanine section in "Redeemable noncontrolling interests."

A reconciliation of redeemable noncontrolling interests for the nine months ended September 30, 2011 is as follows (in thousands):

	2011
Balance, December 31, 2010	$ 45,751
Net income attributable to redeemable noncontrolling interests	2,520
Fair value adjustments(1)	41,327
Purchase of subsidiary shares at fair value(1)	(12,986)
Currency translation adjustments	3
Balance, September 30, 2011	$ 76,615

(1) The estimated fair value was based upon standard valuation techniques using discounted cash flow analysis and industry peer comparable analysis.

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13. COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE LOSS

The table below provides the detail of comprehensive income for the three and nine months ended September 30, 2011 and 2010 (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Net income applicable to common stockholders	$ 469,499	$ 222,980	$ 830,655	$ 391,812
Net unrealized gain (loss) on investment securities	665	(163)	180	87
Currency translation gain (loss)	(79,978)	75,788	(27,126)	(16,135)
Comprehensive income	$ 390,186	$ 298,605	$ 803,709	$ 375,764

The table below provides the balances for each classification of accumulated other comprehensive loss as of September 30, 2011 and December 31, 2010 (in thousands):

	September 30, 2011	December 31, 2010
Foreign currency translation adjustments (1)	$ (60,533)	$ (33,407)
Net unrealized gain on investment securities (2)	698	518
Accumulated other comprehensive loss	$ (59,835)	$ (32,889)

(1) Includes net gains from fair value adjustments at September 30, 2011 of $22,722 after tax ($38,631 before tax) and net gains from fair value adjustments at December 31, 2010 of $15,827 after tax ($27,138 before tax) associated with net investment hedges (see Note 6). The remaining balance in currency translation adjustments excludes income taxes due to the Company' s practice and intention to reinvest the earnings of its foreign subsidiaries in those operations.

(2) The unrealized gain before tax at September 30, 2011 and December 31, 2010 was $985 and $714, respectively.

14. COMMITMENTS AND CONTINGENCIES

Litigation Related to Hotel Occupancy and Other Taxes

The Company and certain third-party defendant online travel companies are currently involved in approximately fifty lawsuits, including certified and putative class actions, brought by or against states, cities and counties over issues involving the payment of hotel occupancy and other taxes (i.e., state and local sales tax) and the Company' s "merchant" hotel business. The Company' s subsidiaries Lowestfare.com LLC and Travelweb LLC are named in some but not all of these cases. Generally, each complaint alleges, among other things, that the defendants violated each jurisdiction' s respective hotel occupancy tax ordinance with respect to the charges and remittance of amounts to cover taxes under each law. Each complaint typically seeks compensatory damages, disgorgement, penalties available by law, attorneys' fees and other relief. The Company is also involved in one consumer lawsuit relating to, among other things, the payment of hotel occupancy taxes and service fees. In addition, approximately sixty municipalities or counties, and at least six states, have initiated audit proceedings (including proceedings initiated by more than forty municipalities in California), issued proposed tax assessments or started inquiries relating to the payment of hotel occupancy and other taxes (i.e., state and local sales tax). Additional state and local jurisdictions are likely to assert that the Company is subject to, among other things, hotel occupancy and other taxes (i.e., state and local sales tax) and could seek to collect such taxes, retroactively and/or prospectively.

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With respect to the principal claims in these matters, the Company believes that the ordinances at issue do not apply to the service it provides, namely the facilitation of reservations, and, therefore, that it does not owe the taxes that are claimed to be owed. Rather, the Company believes that the ordinances at issue generally impose hotel occupancy and other taxes on entities that own, operate or control hotels (or similar businesses) or furnish or provide hotel rooms or similar accommodations. In addition, in many of these matters, municipalities have asserted claims for "conversion" − essentially, that the Company has collected a tax and wrongfully "pocketed" those tax dollars − a claim that the Company believes is without basis and has vigorously contested. The municipalities that are currently involved in litigation and other proceedings with the Company, and that may be involved in future proceedings, have asserted contrary positions and will likely continue to do so. From time to time, the Company has found it expedient to settle, and may in the future agree to settle, claims pending in these matters without conceding that the claims at issue are meritorious or that the claimed taxes are in fact due to be paid.

In connection with some of these tax audits and assessments, the Company may be required to pay any assessed taxes, which amounts may be substantial, prior to being allowed to contest the assessments and the applicability of the ordinances in judicial proceedings. This requirement is commonly referred to as "pay to play" or "pay first." For example, the City of San Francisco assessed the Company approximately $3.4 million (an amount that includes interest and penalties) relating to hotel occupancy taxes, which the Company paid in July 2009. Payment of these amounts, if any, is not an admission that the Company believes it is subject to such taxes and, even if such payments are made, the Company intends to continue to assert its position vigorously. The Company has successfully argued against a "pay first" requirement asserted in another California proceeding.

Litigation is subject to uncertainty and there could be adverse developments in these pending or future cases and proceedings. For example, in October 2009, a jury in a San Antonio class action found that the Company and the other online travel companies that are defendants in the lawsuit "control" hotels for purposes of the local hotel occupancy tax ordinances at issue and are, therefore, subject to the requirements of those ordinances. On July 1, 2011, the court issued findings of fact and conclusions of law in connection with this case. In addition to ruling that hotel tax was due from defendants on the markup and service fee, the court held defendants liable for penalties and interest per the terms of each city' s applicable ordinance, but capped at fifteen percent (15%) of the total amount

of unpaid taxes at the time of entry of judgment; ordinances without a penalty provision are assessed a fifteen percent (15%) penalty under the Texas Tax Code. The Company expects supplemental findings of fact and conclusions of law to be issued by the court, followed by a judgment. The Company intends to vigorously pursue an appeal of the judgment on legal and factual grounds.

An unfavorable outcome or settlement of pending litigation may encourage the commencement of additional litigation, audit proceedings or other regulatory inquiries. In addition, an unfavorable outcome or settlement of these actions or proceedings could result in substantial liabilities for past and/or future bookings, including, among other things, interest, penalties, punitive damages and/or attorney fees and costs. There have been, and will continue to be, substantial ongoing costs, which may include "pay first" payments, associated with defending the Company' s position in pending and any future cases or proceedings. An adverse outcome in one or more of these unresolved proceedings could have a material adverse effect on the Company' s business and results of operations and could be material to the Company' s earnings, financial position or cash flow in any given operating period.

To the extent that any tax authority succeeds in asserting that the Company has a tax collection responsibility, or the Company determines that it has such a responsibility, with respect to future transactions, the Company may collect any such additional tax obligation from its customers, which would have the effect of increasing the cost of hotel room reservations to its customers and, consequently, could make the Company' s hotel service less competitive (i.e., versus the websites of other online travel companies or hotel company websites) and reduce hotel reservation transactions; alternatively, the Company could choose to reduce the compensation for its services on "merchant" hotel transactions. Either step could have a material adverse effect on the Company' s business and results of operations.

In many of the judicial and other proceedings initiated to date, municipalities seek not only historical taxes that are claimed to be owed on the Company' s gross profit, but also, among other things, interest, penalties, punitive damages and/or attorney fees and costs. Therefore, any liability associated with hotel occupancy tax matters is not

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constrained to the Company' s liability for tax owed on its historical gross profit, but may also include, among other things, penalties, interest and attorneys' fees. To date, the majority of the taxing jurisdictions in which the Company facilitates hotel reservations have not asserted that taxes are due and payable on the Company' s U.S. "merchant" hotel business. With respect to municipalities that have not initiated proceedings to date, it is possible that they will do so in the future or that they will seek to amend their tax statutes and seek to collect taxes from the Company only on a prospective basis.

Reserve for Hotel Occupancy and Other Taxes

As a result of this litigation and other attempts by jurisdictions to levy similar taxes, the Company has established a reserve for the potential resolution of issues related to hotel occupancy and other taxes in the amount of approximately $31 million at September 30, 2011 compared to approximately $26 million at December 31, 2010 (which includes, among other things, amounts related to the litigation in San Antonio). The reserve is based on the Company' s reasonable estimate, and the ultimate resolution of these issues may be less or greater, potentially significantly, than the liabilities recorded.

Developments in and after the Quarter Ended September 30, 2011

In the quarter ending September 30, 2011, two new putative class actions were commenced. Town of Breckenridge, Colorado v. Colorado Travel Company, LLC et al., 2011CV420 (Summit County District Court) was filed on July 25, 2011. County of Nassau v. Expedia, Inc. et al. (Supreme Court of the State of New York, County of Nassau) was filed on September 26, 2011. This case previously had been dismissed from federal court and was refiled as a state court action.

On October 25, 2011, in City of Houston v. Hotels.com, L.P. (Harris County, Texas District Court, filed on March 5, 2007) (Tex. App., appeal filed April 14, 2010), the Texas 14th Court of Appeals affirmed the lower court' s grant of summary judgment in favor of the defendants on all claims, holding that the statutes at issue in that case did not apply to defendants' hotel reservation facilitation services. Plaintiffs may seek review by the Texas Supreme Court.

Two cases were dismissed in their entirety during the quarter. In City of Santa Monica v. Expedia, Inc. et al., JCCP 4472 (Los Angeles Superior Court, filed June 25, 2010), the court granted the online travel companies' motion to dismiss all claims without leave to amend; judgment was entered on September 9, 2011 in favor of the defendants. Plaintiffs may seek an appeal. In Township of Lyndhurst, New Jersey v. priceline.com Inc., et al. (filed in the U.S. District Court for the District of New Jersey in June 2008) (U.S. Court of Appeals for the Third Circuit, appeal filed April 2009), the Third Circuit affirmed the District Court' s dismissal of the case. On August 24, 2011, the Third Circuit also denied the Township' s motion for rehearing. Finally, on July 29, 2011, in Hamilton County, Ohio, et al. v. Hotels.com, L.P., et al. (U.S. District Court for the Northern District of Ohio, filed in August 2010), the court granted in part and denied in part the defendants' motion to dismiss, dismissing plaintiff counties' breach of contract, declaratory judgment and violation of tax statutes claims. The plaintiffs' unjust enrichment, money had and received, conversion, constructive trust and damages claims remain pending.

The Company reached agreements in principle resolving claims in three cases: County of Genesee, Michigan, et al. v. Hotels.com L.P., et al. (Circuit Court for the County of Ingham, Michigan, filed in February 2009); City of Jacksonville v. Hotels.com, L.P., et al., 2006-CA-005393 (Circuit Court for Duval County, filed August 4, 2006), and Anne Gannon v. Hotels.com, L.P.,, 50 2009 CA 025919 (Circuit Court for Palm Beach County, filed July 30, 2009). The Company expects these cases to be dismissed pursuant to these agreements shortly. In addition, pursuant to an agreement reached in July, 2011, City of Myrtle Beach, South Carolina v. Hotels.com, L.P., et al. (Court of Common Pleas for Horry County, South Carolina, filed in February 2007) was dismissed with prejudice on September 8, 2011. Pursuant to an agreement reached in May, 2011, Town of Hilton Head Island, South Carolina v. Hotels.com, L.P., et al. (Court of Common Pleas for Beaufort County, South Carolina, filed in April 2010) was dismissed with prejudice on July 22, 2011.

In City of San Diego, California v. Hotels.com, L.P., et al., JCCP 4472 (Los Angeles Superior Court, filed February 9, 2006), on September 6, 2011, the court granted the online travel companies' petition to (i) vacate the hearing officer' s prior ruling that the online travel company defendants are liable for transient occupancy tax pursuant to San Diego' s ordinance, (ii) issue a new ruling that the online travel company defendants are not liable for such tax, and (iii) to set aside the City of San Diego' s assessments. With respect to its remaining claims, the City of San Diego has indicated it will stipulate to a consent judgment in favor of the online travel companies. The City has indicated it plans to appeal.

In City of San Antonio, Texas v. Hotels.com, L.P., et al. (U.S. District Court for the Western District of Texas; filed in May 2006), on October 18, 2011, plaintiffs filed a motion to amend the court' s findings of fact and conclusions of law on penalty calculations. The Company believes plaintiffs' motion is without merit and will vigorously oppose it.

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In addition, on August 3, 2011, in County of Lawrence, Pennsylvania v. Hotels.com, L.P., et al. (Court of Common Pleas of Lawrence County, Pennsylvania, filed Nov. 2009) (Commonwealth Court of Pennsylvania, appeal filed in November 2010), the Court for the Commonwealth of Pennsylvania reversed the dismissal by the Court of Common Pleas of Lawrence of the County' s declaratory action, but affirmed the dismissal of the remaining counts. In District of Columbia v. Expedia, Inc., et al. (Superior Court of the District of Columbia, filed in March 2011), on October 12, 2011, the court denied defendants' motion to dismiss the complaint seeking declaratory and monetary relief under the District of Columbia' s Sales Tax Statute which existed before and after an April 8, 2011 amendment. In The Village of Rosemont, Illinois v. priceline.com, Inc., et al. (U.S. District Court for the Northern District of Illinois,

filed in July 2009), on October 14, 2011, the court granted plaintiff' s motion for summary judgment. The Court stated that it expects the parties to discuss final disposition of the case at its next scheduling conference.

In addition to these developments, a discussion of the remaining legal proceedings listed below can be found in the section titled "Legal Proceedings" of the Company' s Annual Report on Form 10-K for the year ended December 31, 2010. The Company intends to vigorously defend against the claims in all of the proceedings described below.

Statewide Class Actions and Putative Class Actions

Such actions include:

- City of Los Angeles, California v. Hotels.com, Inc., et al. (California Superior Court, Los Angeles County; filed in December 2004)
- City of Rome, Georgia, et al. v. Hotels.com, L.P., et al. (U.S. District Court for the Northern District of Georgia; filed in November 2005)
- City of San Antonio, Texas v. Hotels.com, L.P., et al. (U.S. District Court for the Western District of Texas; filed in May 2006)
- City of Jacksonville, Florida, et al. v. Hotels.com, L.P., et al. (Circuit Court, Fourth Judicial Circuit, Duval County, Florida; filed in July 2006)
- City of Gallup, New Mexico v. Hotels.com, L.P., et al. (U.S. District Court for the District of New Mexico; filed in July 2007)
- City of Goodlettsville, Tennessee, et al. v. priceline.com Incorporated, et al. (U.S. District Court for the Middle District of Tennessee; filed in June 2008)
- Pine Bluff Advertising and Promotion Commission, Jefferson County, Arkansas, et al. v. Hotels.com, LP, et al. (Circuit Court of Jefferson County, Arkansas; filed in September 2009)
- County of Lawrence, Pennsylvania v. Hotels.com, L.P., et al. (Court of Common Pleas of Lawrence County, Pennsylvania; filed Nov. 2009); (Commonwealth Court of Pennsylvania; appeal filed in November 2010)

Actions Filed on Behalf of Individual Cities, Counties and States

Such actions include:

- City of Findlay, Ohio v. Hotels.com, L.P., et al. (U.S. District Court for the Northern District of Ohio; filed in October 2005); and City of Columbus, Ohio, et al. v. Hotels.com, L.P., et al. (U.S. District Court for the Southern District of Ohio; filed in August 2006); (U.S. District Court for the Northern District of Ohio)
- City of Chicago, Illinois v. Hotels.com, L.P., et al. (Circuit Court of Cook County Illinois; filed in November 2005)
- City of San Diego, California v. Hotels.com L.P., et al. (California Superior Court, San Diego County; filed in September 2006) (Superior Court of California, Los Angeles County)
- City of Atlanta, Georgia v. Hotels.com L.P., et al. (Superior Court of Fulton County, Georgia; filed in March 2006); (Court of Appeals of the State of Georgia; appeal filed in January 2007); (Georgia Supreme Court; further appeal filed in December 2007)
- Wake County, North Carolina v. Hotels.com, LP, et al. (General Court of Justice, Superior Court Division, Wake County, North Carolina; filed in November 2006); Dare County, North Carolina v. Hotels.com, LP, et al. (General Court of Justice, Superior Court Division, Dare County, North

Carolina; filed in January 2007); Buncombe County, North Carolina v. Hotels.com, LP, et al. (General Court of Justice, Superior Court Division, Buncombe County, North Carolina; filed in February 2007); Mecklenburg County, North Carolina v. Hotels.com LP, et al. (General Court of Justice, Superior Court Division, Mecklenburg County, North Carolina; filed in January 2008)

- City of Branson, Missouri v. Hotels.com, LP., et al. (Circuit Court of Greene County, Missouri; filed in December 2006)
- City of Houston, Texas v. Hotels.com, LP., et al. (District Court of Harris County, Texas; filed in March 2007)
- City of Oakland, California v. Hotels.com, L.P., et al. (U.S. District Court for the Northern District of California; filed in June 2007); (U.S. Court of Appeals for the Ninth Circuit; appeal filed in December 2007)
- County of Genesee, Michigan, et al. v. Hotels.com L.P., et al. (Circuit Court for the County of Ingham, Michigan; filed in February 2009)
- City of Bowling Green, Kentucky v. Hotels.com L.P. et al. (Warren Cir. Ct., Kentucky, Div. 1; filed in March 2009); (Commonwealth of Kentucky Court of Appeals; appeal filed in April 2010)
- St. Louis County, Missouri v. Prestige Travel, Inc. et al. (Circuit Court of St. Louis County, Missouri; filed in July 2009)
- The Village of Rosemont, Illinois v. priceline.com, Inc., et al. (U.S. District Court for the Northern District of Illinois; filed in July 2009)
- Palm Beach County, Florida v. priceline.com, Inc., et al. (Circuit Court for Palm Beach County, Florida; filed in July 2009)
- Leon County, et al. v. Expedia, Inc., et al. (Second Judicial Circuit Court for Leon County, Florida; filed Nov. 2009); Leon County v. Expedia, Inc. et al. (Second Judicial Circuit Court for Leon County, Florida; filed in December 2009)
- City of Birmingham, Alabama, et al. v. Orbitz, Inc., et al. (Circuit Court of Jefferson County, Alabama; filed in December 2009)
- Baltimore County, Maryland v. priceline.com, Inc., et al. (U.S. District Court for the District of Maryland; filed in May 2010)
- Hamilton County, Ohio, et al. v. Hotels.com, L.P., et al. (U.S. District Court for the Northern District Of Ohio; filed in August 2010)
- State of Florida Attorney General v. Expedia, Inc., et al. (Circuit Court − Second Judicial Circuit, Leon County, Florida; filed in November 2010)
- Montana Department of Revenue v. priceline.com, Inc., et al. (First Judicial District Court of Lewis and Clark County, Montana; filed in November 2010)
- Montgomery County, Maryland v. Priceline.com, Inc., et al. (United States District Court for the District of Maryland; filed in December 2010)

The Company has also been informed by counsel to the plaintiffs in certain of the aforementioned actions that various, undisclosed municipalities or taxing jurisdictions may file additional cases against the Company, Lowestfare.com LLC and Travelweb LLC in the future.

Judicial Actions Relating to Assessments Issued by Individual Cities, Counties and States

After administrative remedies have been exhausted, the Company may seek judicial review of assessments issued by an individual city or county. Currently pending actions seeking such a review include:

- Priceline.com, Inc., et al. v. Broward County, Florida (Circuit Court − Second Judicial Circuit, Leon County, Florida; filed in January 2009)
- Priceline.com Inc., et al. v. City of Anaheim, California, et al. (Superior Court of California, County of Orange; filed in February 2009); (Superior Court of California, County of Los Angeles)
- Priceline.com, Inc. v. Indiana Department of State Revenue (Indiana Tax Court; filed in March 2009)

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- Priceline.com, Inc., et al. v. City of San Francisco, California, et al. (Superior Court of California, County of San Francisco; filed in June 2009); (Superior Court of California, County of Los Angeles)
- Priceline.com, Inc. v. Miami-Dade County, Florida, et al. (Eleventh Judicial Circuit Court for Miami Dade, County, Florida; filed in December 2009)
- Priceline.com, Inc., et al. v. Osceola County, Florida, et al. (Circuit Court of the Second Judicial Circuit, in and For Leon County, Florida; filed in January 2011)
- In the Matter of the Tax Appeal of priceline.com Inc., In the Matter of the Tax Appeal of Lowestfare.com LLC and In the Matter of the Tax Appeal of Travelweb LLC (Tax Appeal Court of the State of Hawaii; filed in March 2011)

The Company intends to prosecute vigorously its claims in these actions.

Consumer Class Actions

- In Chiste, et al. v. priceline.com Inc., et al. (United States District Court for the Southern District of New York; filed in December 2008), the District Court granted the Company' s motion to dismiss all claims against it except the breach of fiduciary claim, which, the court ordered transferred to Illinois. On July 11, 2011, the case was transferred to the United States District Court for the Northern District of Illinois for resolution of the remaining claim, which was consolidated under Peluso v. Orbitz.com, et al., 11 Civ. 4407 on July 14, 2011. On July 13, 2011, plaintiffs filed notices of appeal in the Second Circuit Court of Appeals of the court' s orders in the Southern District of New York. On July 26, 2011, the *Peluso* court granted plaintiff' s motion to voluntarily dismiss the claim against the Company in the Northern District of Illinois. On August 5, 2011, the Company moved to dismiss the appeal in the Second Circuit Court of Appeals as improperly filed there.

The Company intends to defend vigorously against the claims in all of the on-going proceedings described above.

Administrative Proceedings and Other Possible Actions

At various times, the Company has also received inquiries or proposed tax assessments from municipalities and other taxing jurisdictions relating to the Company' s charges and remittance of amounts to cover state and local hotel occupancy and other related taxes. Among others, the City of Philadelphia, Pennsylvania; the City of Phoenix, Arizona (on behalf of itself and 12 other Arizona cities); the City of Paradise Valley, Arizona; and the City of Denver, Colorado; and state tax officials from Arkansas, Florida, Hawaii, Indiana, Louisiana, Maryland, New Mexico, Ohio, Pennsylvania, Texas, West Virginia, Wisconsin, and Wyoming have begun formal or informal administrative procedures or stated that they may assert claims against the Company relating to allegedly unpaid state or local hotel occupancy or related taxes. Since late 2008, the Company has received audit notices from more than forty cities in the state of California. The Company is engaged in audit proceedings in each of those cities. The Company has also been contacted for audit by five counties in the state of Utah and by the City of St. Louis, Missouri. In addition, the state of Maryland has notified the Company of its intention to issue a proposed tax assessment relating the Company' s charges and remittance of amounts to cover state sales taxes on rental car transactions.

Litigation Related to Securities Matters

On March 16, March 26, April 27, and June 5, 2001, respectively, four putative class action complaints were filed in the U.S. District Court for the Southern District of New York naming priceline.com, Inc., Richard S. Braddock, Jay Walker, Paul Francis, Morgan Stanley Dean Witter & Co., Merrill Lynch, Pierce, Fenner & Smith, Inc., BancBoston Robertson Stephens, Inc. and Salomon Smith Barney, Inc. as defendants (01 Civ. 2261, 01 Civ. 2576, 01 Civ. 3590 and 01 Civ. 4956). Shives et al. v. Bank of America

Securities LLC et al., 01 Civ. 4956, also names other defendants and states claims unrelated to the Company. The complaints allege, among other things, that the Company and the individual defendants violated the federal securities laws by issuing and selling priceline.com common stock in the Company' s March 1999 initial public offering without disclosing to investors that some of the underwriters in the offering, including the lead underwriters, had allegedly solicited and received excessive and undisclosed commissions from certain investors. After extensive negotiations, the parties reached a

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comprehensive settlement on or about March 30, 2009. On April 2, 2009, plaintiffs filed a Notice of Motion for Preliminary Approval of Settlement. On June 9, 2009, the court granted the motion and scheduled the hearing for final approval for September 10, 2009. The settlement, previously approved by a special committee of the Company' s Board of Directors, compromised the claims against the Company for approximately $0.3 million. The court issued an order granting final approval of the settlement on October 5, 2009. Notices of appeal of the court' s order have been filed with the Second Circuit. All but one of the appeals has been resolved. The remaining appeal is still pending.

The Company intends to defend vigorously against the claims in all of the proceedings described in this Note 14. The Company has accrued for certain legal contingencies where it is probable that a loss has been incurred and the amount can be reasonably estimated. Except as disclosed, such amounts accrued are not material to the Company' s consolidated balance sheets and provisions recorded have not been material to the Company' s consolidated results of operations or cash flows. The Company is unable to estimate the potential maximum range of loss.

From time to time, the Company has been, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of third party intellectual property rights. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources, divert management' s attention from the Company' s business objectives and could adversely affect the Company' s business, results of operations, financial condition and cash flows.

OFT Inquiry

In September 2010, the United Kingdom' s Office of Fair Trading (the "OFT"), the competition authority in the U.K., announced it was conducting a formal early stage investigation into suspected breaches of competition law in the hotel online booking sector and had written to a number of parties in the industry to request information. Specifically, the investigation focuses upon whether agreements and/or concerted practices between hotels and online travel companies relating to hotel room reservations breach UK competition law. In September 2010, Booking.com B.V. and priceline.com Incorporated, on behalf of Booking.com, received a Notice of Inquiry from the OFT; the Company and Booking.com are cooperating with the OFT' s investigation. The Company is unable at this time to predict the outcome of the OFT' s investigation and the impact, if any, on the Company' s business, financial condition and results of operations.

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Item 2. Management' s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our Unaudited Consolidated Financial Statements, including the notes to those statements, included elsewhere in this Form 10-Q, and the Section entitled "Special Note Regarding Forward Looking Statements" in this Form 10-Q. As discussed in more detail in the Section entitled "Special Note Regarding Forward

Looking Statements," this discussion contains forward-looking statements, which involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause those differences include, but are not limited to, those discussed in "Risk Factors."

Overview

We are a leading online travel company that offers our customers hotel room reservations at over 200,000 hotels worldwide through the Booking.com, priceline.com and Agoda brands. We offer international car rental reservation services through TravelJigsaw, which we acquired in May 2010. In the United States, we also offer our customers car rental reservations, airline tickets, vacation packages, cruises and destination services.

We launched our business in the United States in 1998 under the priceline.com brand and have since expanded our operations to include the Booking.com, Agoda and TravelJigsaw companies. Our principal goal is to serve our customers with worldwide leadership in online hotel and rental car reservations. Our business is driven primarily by international results. During the nine months ended September 30, 2011, our international business (the significant majority of which is generated by Booking.com) represented approximately 78% of our gross bookings (an operating and statistical metric referring to the total dollar value, generally inclusive of all taxes and fees, of all travel services purchased by our customers), and approximately 88% of our consolidated operating income. Given that the business of our international operations is primarily comprised of hotel reservation services, commissions earned in connection with the reservation of hotel room nights represents a substantial majority of our gross profit.

Our priceline.com brand in the U.S. offers merchant *Name Your Own Price*® travel services (sometimes referred to as "opaque" travel services), which are recorded in revenue on a "gross" basis and have associated cost of revenue. Retail, or price-disclosed, travel services offered by both our U.S. and international brands are recorded in revenue on a "net" basis and have no associated cost of revenue. Therefore, revenue increases and decreases are impacted by changes in the mix of our revenues between *Name Your Own Price*® and retail travel services. Gross profit reflects the net margin earned for both our *Name Your Own Price*® and retail travel services. Consequently, gross profit has become an increasingly important measure of evaluating growth in our business. At present, we derive substantially all of our gross profit from the following sources:

- Commissions earned from price-disclosed hotel room reservations, rental cars, cruises and other travel services;
- Transaction gross profit and customer processing fees from our *Name Your Own Price*® hotel room reservation, rental car and airline ticket services, as well as our vacation packages service;
- Transaction gross profit and customer processing fees from our price-disclosed merchant hotel room and rental car reservation services;
- Global distribution system ("GDS") reservation booking fees related to both our *Name Your Own Price*® airline ticket, hotel room reservation and rental car services, and price-disclosed airline tickets and rental car services; and
- Other gross profit derived primarily from selling advertising on our websites.

Over the last several years we have experienced strong growth in the number of hotel room night reservations booked through our hotel reservation services. We believe this growth is the result of, among other things, the broader shift of travel purchases from offline to online, the high growth of travel overall in emerging

markets such as Asia-Pacific and South America, and the continued innovation and execution by our teams around the world to build hotel supply, content and distribution and to improve the customer experience on our websites. We experienced exceptionally strong year-over-year growth during the first three quarters of 2011. However, given the sheer size of our hotel reservation business, we believe it is highly likely that our year-over-year growth rates will generally decelerate on a quarterly sequential basis in the future. In the third quarter of 2011, we experienced deceleration in year-over-year hotel room night reservation growth as compared to the year-over-year growth rate in the second quarter of 2011, and we expect to experience further deceleration in growth rates in the fourth quarter of 2011 and beyond.

In addition, many governments around the world, including the U.S. and certain European governments, are operating at very large financial deficits. Governmental austerity measures aimed at reducing deficits could impair the economic recovery and adversely affect travel demand. Weak economic growth and elevated unemployment rates in the economies of such countries could cause, contribute to, or be indicative of, deteriorating macro-economic conditions. Recently, we have experienced short-term volatility in the transactional growth rates and in the growth in cancellations for our international business, which may make it more difficult to predict longer-term trends and the future impact of macro-economic weakness on our business. Finally, higher oil prices are contributing to higher airline ticket prices and are likely to adversely impact consumer discretionary funds available to be spent on travel.

Large, established Internet search engines with substantial resources and expertise in developing online commerce and facilitating Internet traffic are creating − and intend to further create − inroads into online travel, both in the U.S. and internationally. For example, following its acquisition of ITA Software, Inc., a major flight information software company, Google recently launched a new flight search tool that enables users to find fares, schedules and availability directly on Google and excludes online travel agent ("OTA") participation within the search results. Google has also invested in HomeAway, a publicly traded vacation home rental service, and launched "Hotel Finder," a utility that allows users to search and compare hotel accommodations based on parameters set by the user. In addition, Microsoft has launched *Bing Travel*, which searches for airfare and hotel reservations online and predicts the best time to purchase them. "Meta-search" sites leverage their search technology to aggregate travel search results for the searcher' s specific itinerary across supplier, travel agent and other websites and, in many instances, compete directly with us for customers. Furthermore, certain suppliers limit OTA participation within the meta-search results. Some meta-search sites, such as Kayak.com, which offers its users the ability to make hotel reservations directly on its website, may evolve into more traditional online travel sites. These initiatives, among others, illustrate a clear intention to more directly appeal to travel consumers by showing consumers more detailed travel search results, including specific information for travelers' own itineraries, which could lead to suppliers or others gaining a larger share of search traffic or may ultimately lead to search engines maintaining transactions within their own websites. If Google, as the single largest search engine in the world, or Bing, or other leading search engines refer significant traffic to these or other travel services that they develop in the future, it could result in, among other things, more competition from supplier websites and higher customer acquisition costs for third-party sites such as ours and could have a material adverse effect on our business, results of operations and financial condition.

Hotels are increasingly offering hotel room reservations through "daily deal" websites such as Groupon and Living Social, which sell coupons to customers at a substantial discount. Expedia recently entered into a partnership with Groupon to sell hotel room reservations to Groupon customers under the "Groupon Getaways" brand name. If these new services are successful, we may experience less demand for our services and are likely to face more competition for access to the limited supply of discounted hotel room rates.

International Trends. The size of the travel market outside of the United States is substantially greater than that within the United States. Historically, Internet adoption rates and e-commerce adoption rates of international consumers have trailed those of the United States. However, international consumers are rapidly moving to online means for purchasing travel. Accordingly, recent international online travel growth rates have substantially exceeded, and are expected to continue to exceed, the growth rates within the United States. In addition, the base of hotel suppliers in Europe and Asia is particularly fragmented compared to that in the United States, where the hotel market is dominated by large hotel chains. We believe online reservation systems like ours may be more appealing to small chains and independent hotels more commonly found outside of the United States. Our growth has primarily been

generated by our international hotel reservation service brands, Booking.com and Agoda. Booking.com, our most significant brand, currently includes over 170,000 hotels on its website as compared to

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about 105,000 hotels last year (updated hotel counts are available on the Booking.com website). Booking.com has added hotels over the past year in its core European market as well as higher-growth markets such as North America (which is a newer market for Booking.com), Asia-Pacific and South America. An increasing amount of our business from both a destination and point-of-sale perspective is conducted in these newer markets which are growing faster than our overall growth rate. We believe these trends and factors have enabled us to become the top online hotel reservation service provider in the world as measured by room nights booked.

As our international operations have become significant contributors to our results and international hotel bookings have become of increased importance to our earnings, we have seen, and expect to continue to see, changes in certain of our operating expenses and other financial metrics. For example, because Booking.com and Agoda utilize online search and affiliate marketing as the principal means of generating traffic to their websites, our online advertising expense has increased significantly over recent years, a trend we expect to continue throughout the remainder of 2011. In addition, and as discussed in more detail below, we have seen the effects of seasonal fluctuations on our operating results change as a result of different revenue recognition policies that apply to our price-disclosed services (including our international hotel service) as compared to our *Name Your Own Price*® services, as well as increased business in Asia and the southern hemisphere, which has different seasonality than Europe and North America.

Another impact of the growing importance of Booking.com, Agoda and TravelJigsaw is our increased exposure to foreign currency exchange risk. Because we are conducting a significant and growing portion of our business outside the United States and are reporting our results in U.S. Dollars, we face exposure to adverse movements in currency exchange rates as the financial results of our international operations are translated from local currency (principally the Euro and the British Pound Sterling) into U.S. Dollars upon consolidation. A strengthening of the Euro increases our Euro-denominated net assets, gross bookings, gross profit, operating expenses, and net income as expressed in U.S. Dollars, while a weakening of the Euro decreases our Euro-denominated net assets, gross bookings, gross profit, operating expenses, and net income as expressed in U.S. Dollars. Greece, Ireland, Portugal and certain other European Union countries with high levels of sovereign debt have had difficulty refinancing their debt. Concern around devaluation or abandonment of the Euro common currency, or that sovereign default risk may be more widespread and could include the U.S., has led to significant volatility in the exchange rate between the Euro, the U.S. dollar and other currencies. We generally enter into derivative instruments to minimize the impact of short-term currency fluctuations on our consolidated operating results. However, such derivative instruments are short term in nature and not designed to hedge against currency fluctuation that could impact our foreign currency denominated gross bookings, revenue or gross profit (see Note 6 to the Unaudited Consolidated Financial Statements for additional information on our derivative contracts). For example, while revenue from our international operations grew on a local currency basis by approximately 68% and 71% for the three and nine months ended September 30, 2011, respectively, on a consolidated basis, as a result of the positive impact of currency exchange rates, revenue from our international operations as reported in U.S. dollars grew 79% and 83%, respectively, during the same periods.

Domestic Trends. Competition in domestic online travel remains intense and traditional online travel companies are creating new promotions and consumer value features in an effort to gain competitive advantage. In particular, the competition to provide "opaque" hotel services to consumers, an area in which priceline.com has been a leader, has become more intense over the recent past. For example, in the fourth quarter of 2010, Expedia began making opaque hotel room reservations available on its principal website under the name "Expedia Unpublished Rates" and has been supporting the initiative with a national television advertising campaign. In addition, in 2009, Travelocity launched an opaque price-disclosed hotel booking service that allows customers to book rooms at a discount. As with our *Name Your Own Price*® hotel booking service, for these services, the name of the hotel is not disclosed until after purchase. We believe these new offerings, in particular Expedia Unpublished Rates, have adversely impacted the market share and year-over-year growth rate for our opaque hotel service, which experienced a decline in room night reservations in the third quarter of

2011 compared to the third quarter of 2010. In addition, hotels are increasingly offering discounted hotel room reservations through "daily deal" websites such as Groupon and Living Social. If Expedia or Travelocity are successful in growing their opaque hotel service, and/or "daily deal" websites are successful in garnering a sizable share of discounted hotel bookings, we may have less consumer demand for our opaque hotel service over time and we are likely to face more competition for access to the limited supply of

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discounted hotel room rates. As a result, we believe our share of the discount hotel market in the U.S. could further decrease.

We believe that for a number of reasons, including the recent significant year-over-year increase in retail airfares, consumers are engaging in increased shopping behavior before making a travel purchase than they engaged in previously. Increased shopping behavior reduces our advertising efficiency and effectiveness because traffic becomes less likely to result in a purchase on our website, and such traffic is more likely to be obtained through paid online advertising channels than through free direct channels.

While demand for online travel services in the U.S. continues to experience annualized growth, we believe that the domestic market share of third-party distributors, like priceline.com, has declined over the last several years and that the growth of the domestic online market for travel services has slowed. We believe the decline in market share is attributable, in part, to a concerted initiative by travel suppliers to direct customers to their own websites in an effort to reduce distribution expenses and establish more direct control over their pricing.

Some travel suppliers are encouraging third-party travel intermediaries, such as us, to develop technology to bypass the traditional GDSs, such as enabling direct connections to the travel suppliers or using alternative global distribution methods. For example, in 2011, we enabled a direct connection with American Airlines. During 2011, American content was temporarily unavailable on Expedia and Orbitz due to disputes related to enabling a direct connection. We believe that this is consistent with an effort on the part of American Airlines, and the airline industry in general, to reduce distribution costs and could be indicative of the airlines in general becoming more aggressive in requiring online travel agents to implement direct connections. Development and implementation of the technology to enable additional direct connections to travel suppliers could cause us to incur additional operating expenses, increase the frequency/duration of system problems and delay other projects. In addition, any additional migration toward direct connections would reduce the compensation we receive from GDSs.

Many current agreements between major U.S. airlines and major GDSs are due to expire during or at the end of 2011. It is unclear whether and to what extent any new agreement (or extension or renewal of any existing agreement) between any major U.S. airline and any major GDS will enable GDS subscribers, such as us, equal access to the fares, inventory and content provided by such carrier through the GDS. Furthermore, it is possible that a dispute between an airline and a GDS could lead to an airline removing its fares from the GDS. Despite the fact that such a dispute may not involve us, our business could be adversely affected if we are denied access to airfares in a major GDS.

Domestic airlines have reduced capacity and increased fares since the latter part of 2009, a trend which may continue. Decreases in capacity reduce the amount of airline tickets available to us, while significant increases in average airfares in 2010 and thus far in 2011 have adversely impacted leisure travel demand. Reduced airline capacity and demand negatively impact our priceline.com air business, which in turn has negative repercussions on our priceline.com hotel and rental car businesses. Our rental car business is further impacted by decreases in rental car fleets, which has negatively impacted our *Name Your Own Price*® rental car service. As a result of these challenges, we experienced a decline in *Name Your Own Price*® airline tickets and rental car days during the year ended December 31, 2010 compared to 2009. Our access to discounted airline ticket and rental cars improved during 2011, but we expect continued variability in the breadth and depth of discounted airline tickets and rental car rates made available to us in the future, depending on market conditions from time to time.

We believe that our success will depend in large part on our ability to maintain profitability, primarily from our hotel business, to continue to promote the Booking.com, Agoda and TravelJigsaw brands internationally and the priceline.com brand in the United States, and, over time, to offer other travel services and further expand into other international markets. Factors beyond our control, such as worldwide recession, higher oil prices, terrorist attacks, unusual weather patterns, natural disasters such as earthquakes, hurricanes, tsunamis, floods, volcanic eruptions (such as the April 2010 eruption of a volcano in Iceland), travel related health concerns including pandemics and epidemics such as Influenza H1N1, avian bird flu and SARS, political instability, regional hostilities, imposition of taxes or surcharges by regulatory authorities, travel related accidents or the withdrawal from our system of a major

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hotel supplier or airline, could adversely affect our business and results of operations and impair our ability to effectively implement all or some of the initiatives described above.

For example, in early 2011, Japan was struck by a major earthquake, tsunami and nuclear emergency. Japan is an important source of travel demand for Agoda, and these crises have had an adverse impact on travel demand originating in Japan and demand for Japanese destinations. In October 2011, severe flooding in Thailand, a key market for our Agoda business and the Asian business of Booking.com, negatively impacted booking volumes in this market. In addition, in early 2010, Thailand experienced disruptive civil unrest, which caused the temporary relocation of Agoda' s Thailand-based operations. Future natural disasters or civil or political unrest could further disrupt our business and operations in Thailand.

We intend to continue to invest in marketing and promotion, technology and personnel within parameters consistent with attempts to improve long-term operating results. We also intend to broaden the scope of our business, and to that end, we explore strategic alternatives from time to time in the form of, among other things, mergers and acquisitions. Our goal is to improve volume and sustain margins in an effort to maintain profitability. The uncertain environment described above makes the prediction of future results of operations difficult, and accordingly, we cannot provide assurance that we will sustain gross profit growth and profitability.

Seasonality. A meaningful amount of retail gross bookings are generated early in the year, as customers plan and reserve their spring and summer vacations in Europe and North America. However, we do not recognize associated revenue until future quarters when the travel occurs. From a cost perspective, we expense the substantial majority of our advertising activities as they are incurred, which is typically in the quarter in which bookings are generated. As a result, we typically experience our highest levels of profitability in the second and third quarters of the year, which is when we experience the highest levels of booking and travel consumption for the year for our North American and European businesses. However, we experience the highest levels of booking and travel consumption for our Asia-Pacific and South American businesses in the first and fourth quarters. Therefore, if these businesses continue to grow faster than our North American and European businesses, our operating results for the first and fourth quarters of the year may become more significant over time as a percentage of full year operating results.

Recent Developments. In October 2011, we entered into a $1 billion five-year unsecured revolving credit facility with a group of lenders. Borrowings under the revolving credit facility will bear interest, at our option, at a rate per annum equal to either (i) the adjusted LIBOR for the interest period in effect for such borrowing plus an applicable margin ranging from 1.00% to 1.50%; or (ii) the greatest of (a) JPMorgan Chase Bank, National Association' s prime lending rate, (b) the federal funds rate plus ½ of 1%, and (c) an adjusted LIBOR for an interest period of one month plus 1.00%, plus an applicable margin ranging from 0.00% to 0.50%. Undrawn balances available under the revolving credit facility are subject to commitment fees at the applicable rate ranging from 0.10% to 0.25%.

The revolving credit facility provides for the issuance of up to $100.0 million of letters of credit as well as borrowings of up to $50 million on same-day notice, referred to as swingline loans. Borrowings under the revolving credit facility may be made in U.S. dollars, Euros, Pounds Sterling and any other foreign currency agreed to by the lenders. The proceeds of loans made under the facility

will be used for working capital and general corporate purposes. As of November 7, 2011, there were no borrowings under the facility, and approximately $1.8 million of letters of credit were issued under the facility. Upon entering into this new revolving credit facility, we terminated our $175.0 million revolving credit facility entered into in 2007 (see Note 9 to the Unaudited Consolidated Financial Statements).

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Results of Operations

Three and Nine Months Ended September 30, 2011 compared to the Three and Nine Months Ended September 30, 2010

Operating Metrics

Our financial results are driven by certain operating metrics that encompass the booking activity generated by our travel services. Specifically, reservations of hotel room nights, rental car days and airline tickets capture the volume of units purchased by our customers. Gross bookings is an operating and statistical metric that captures the total dollar value, generally inclusive of taxes and fees, of all travel services booked by our customers, and is widely used in the travel business. International gross bookings reflect gross bookings generated principally by websites owned by, operated by, or dedicated to providing gross bookings for Booking.com, Agoda and TravelJigsaw, regardless of the location of the traveler or the destination booked. For example, the gross bookings related to a U.S. customer booking a hotel room night at a U.S. destination on the Booking.com website will be reported in our international gross bookings.

Domestic gross bookings reflect gross bookings generated principally by websites owned by, operated by, or dedicated to providing gross bookings primarily by our U.S. priceline.com business, again without regard to the location of the travel or the customer purchasing the travel.

Gross bookings resulting from hotel room night reservations, rental car days and airline tickets reserved through our domestic and international operations for the three and nine months ended September 30, 2011 and 2010 were as follows (numbers may not total due to rounding):

	Three Months Ended September 30, (in millions)			Nine Months Ended September 30, (in millions)		
	2011	2010	Change	2011	2010	Change
Domestic	$ 1,268	$ 1,121	13.1%	$ 3,705	$ 3,264	13.5%
International	4,989	2,885	72.9%	12,997	7,116	82.6%
Total	$ 6,257	$ 4,006	56.2%	$ 16,702	$ 10,381	60.9%

Gross bookings increased by 56.2% and 60.9% for the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, principally due to 47.4% and 52.5% growth in hotel room night reservations, respectively. The 72.9% increase in international gross bookings (growth on a local currency basis was approximately 61.4%) was attributable to growth in international hotel room night reservations for our Booking.com and Agoda businesses, as well as higher average daily rates charged for hotel stays and growth in international rental car reservations for our TravelJigsaw business. Domestic gross bookings increased by 13.1% and 13.5% for the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, primarily due to growth in price-disclosed airline ticket and hotel room night reservations and *Name Your Own Price*® airline ticket and rental car day reservations. Higher average daily rates ("ADRs") drove growth in gross bookings related to our *Name Your Own*

Price® hotel business despite a modest year-over-year decline in *Name Your Own Price*® hotel room night reservations in the three and nine months ended September 30, 2011.

Gross bookings resulting from hotel room night reservations, rental car days and airline tickets sold through our agency and merchant models for the three and nine months ended September 30, 2011 and 2010 were as follows:

	Three Months Ended September 30, (in millions)			Nine Months Ended September 30, (in millions)		
	2011	2010	Change	2011	2010	Change
Agency	$ 5,121	$ 3,168	61.6%	$ 13,627	$ 8,225	65.7%
Merchant	1,136	838	35.6%	3,075	2,156	42.6%
Total	$ 6,257	$ 4,006	56.2%	$ 16,702	$ 10,381	60.9%

Agency gross bookings increased 61.6% and 65.7% for the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, due to growth in Booking.com hotel room night reservations. Our U.S. priceline.com business also experienced growth in reservations of agency price-disclosed hotel

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room nights, airline tickets and rental car days. Merchant gross bookings increased 35.6% and 42.6% for the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, due to an increase in the sale of Agoda hotel room night reservations, TravelJigsaw rental car day reservations, priceline.com merchant price-disclosed hotel room night reservations and *Name Your Own Price*® airline ticket and rental car day reservations.

	Hotel Room Nights	Rental Car Days	Airline Tickets
Three Months ended September 30, 2011	40.6 million	7.0 million	1.6 million
Three Months ended September 30, 2010	27.5 million	5.1 million	1.5 million
Nine Months ended September 30, 2011	108.0 million	18.5 million	4.9 million
Nine Months ended September 30, 2010	70.8 million	12.4 million	4.6 million

Hotel room night reservations increased by 47.4% and 52.5% for the three and nine months ended September 30, 2011, compared to the same periods in 2010, respectively, principally due to an increase in Booking.com, Agoda and priceline.com price-disclosed hotel room night reservations, partially offset by a decline in *Name Your Own Price*® hotel room night reservations. Booking.com, our most significant brand, currently includes over 170,000 hotels on its website as compared to about 105,000 hotels last year (updated hotel counts are available on the Booking.com website). Booking.com has added hotels over the past year in its core European market as well as higher-growth markets such as North America (which is a newer market for Booking.com), Asia-Pacific and South America. An increasing amount of our business from a destination and point-of-sale perspective is conducted in these newer markets which are growing faster than our overall growth rate. Our U.S. priceline.com agency hotel reservations benefited from the integration of U.S. hotels from the Booking.com extranet on the priceline.com website.

Rental car day reservations increased by 35.6% and 49.2% for the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, due primarily to the inclusion of rental car day reservations from TravelJigsaw, which we acquired in May 2010, as well as an increase in *Name Your Own Price*® rental car days.

Airline ticket reservations increased by 7.7% and 5.7% for the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010 due to an increase in both price-disclosed and *Name Your Own Price*® airline ticket reservations.

Revenues

- Merchant revenues are derived from transactions where we are the merchant of record and therefore charge the customer' s credit card for the travel services provided. Merchant revenues include (1) transaction revenues representing the selling price of *Name Your Own Price*® hotel room reservations, rental cars and airline tickets and price-disclosed vacation packages; (2) transaction revenues representing the amount charged to a customer, less the amount charged by suppliers in connection with (a) the hotel room reservations provided through our merchant price-disclosed hotel service in the U.S. and at Agoda, and (b) the rental car reservations provided through our merchant semi-opaque rental car service at TravelJigsaw (which allows customers to see the price of the reservation prior to purchase, but not the identity of the supplier); (3) customer processing fees charged in connection with the sale of *Name Your Own Price*® airline tickets, hotel room reservations and rental cars and merchant price-disclosed hotel reservations; and (4) ancillary fees, including GDS reservation booking fees related to certain of the services listed above.

- Agency revenues are derived from travel related transactions where we are not the merchant of record and where the prices of the travel services are determined by third parties. Agency revenues include travel commissions, customer processing fees and GDS reservation booking fees related to certain of

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the services listed above and are reported at the net amounts received, without any associated cost of revenue. Principally all of the revenue for Booking.com is comprised of travel commissions.

- Other revenues are derived primarily from advertising on our websites.

	Three Months Ended September 30, ($000)			Nine Months Ended September 30, ($000)		
	2011	2010	Change	2011	2010	Change
Merchant Revenues	$ 573,230	$ 494,473	15.9%	$ 1,558,564	$ 1,309,407	19.0%
Agency Revenues	876,601	504,010	73.9%	1,797,204	1,034,765	73.7%
Other Revenues	2,973	3,274	(9.2)%	9,071	9,419	(3.7)%
Total Revenues	$ 1,452,804	$ 1,001,757	45.0%	$ 3,364,839	$ 2,353,591	43.0%

Merchant Revenues

Merchant revenues for the three and nine months ended September 30, 2011 increased 15.9% and 19.0%, respectively, compared to the same periods in 2010, primarily due to increases in Agoda price-disclosed hotel room night reservations, TravelJigsaw rental car day reservations, priceline.com price-disclosed hotel room night reservations and *Name Your Own Price*® airline ticket and hotel room night reservations.

Agency Revenues

Agency revenues for the three and nine months ended September 30, 2011 increased 73.9% and 73.7%, respectively, compared to the same periods in 2010, primarily as a result of growth in the business of Booking.com. Our U.S. agency hotel room reservations benefited from the integration of U.S. hotels from the Booking.com extranet on the priceline.com website.

Other Revenues

Other revenues during the three and nine months ended September 30, 2011 consisted primarily of advertising revenues. Other revenues for the three months and nine months ended September 30, 2011 decreased 9.2% and 3.7%, respectively, compared to the same periods in 2010.

Cost of Revenues and Gross Profit

	Three Months Ended September 30, ($000)			Nine Months Ended September 30, ($000)		
	2011	2010	Change	2011	2010	Change
Cost of Revenues	$ 352,656	$ 335,569	5.1%	$ 1,009,657	$ 923,032	9.4%
% of Merchant Revenues	61.5%	67.9%		64.8%	70.5%	

Cost of Revenues

For the three and nine months ended September 30, 2011, cost of revenues consisted primarily of charges from the suppliers for: (1) the cost of *Name Your Own Price*® hotel room reservations, net of applicable taxes, (2) the cost of *Name Your Own Price*® rental cars, net of applicable taxes; and (3) the cost of *Name Your Own Price*® airline tickets, net of the federal air transportation tax, segment fees and passenger facility charges imposed in connection with the sale of airline tickets. Cost of revenues for the three and nine months ended September 30, 2011 increased by 5.1% and 9.4%, respectively, compared to the same periods in 2010, due primarily to the increase

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in *Name Your Own Price*® revenues discussed above. Merchant price-disclosed hotel and rental car reservations are recorded in merchant revenues net of the amounts paid to suppliers and therefore, there is no associated cost of revenues for merchant price-disclosed revenues. Cost of revenues as a percentage of their associated merchant revenues decreased primarily due to the increase in merchant price-disclosed hotel revenues and the addition of TravelJigsaw merchant revenue, all of which are recorded on a "net" basis.

Agency revenues are recorded at their net amount, which are amounts received less amounts paid to suppliers, if any, and therefore, there are no costs of agency revenues.

Gross Profit

	Three Months Ended September 30, ($000)			Nine Months Ended September 30, ($000)		
	2011	2010	Change	2011	2010	Change
Gross Profit	$ 1,100,148	$ 666,188	65.1%	$ 2,355,182	$ 1,430,559	64.6%

Gross Margin	75.7%	66.5%	70.0%	60.8%

Total gross profit for the three and nine months ended September 30, 2011 increased by 65.1% and 64.6%, respectively, compared to the same periods in 2010, primarily as a result of increased revenue discussed above. Total gross margin (gross profit expressed as a percentage of total revenue) increased during the three and nine months ended September 30, 2011, compared to the same periods in 2010, because *Name Your Own Price®* revenues, which are recorded "gross" with a corresponding cost of revenue, represented a smaller percentage of total revenues compared to retail, price-disclosed revenues which are primarily recorded "net" with no corresponding cost of revenues. Because *Name Your Own Price®* transactions are reported "gross" and retail transactions are primarily recorded on a "net" basis, we believe that gross profit has become an increasingly important measure of evaluating growth in our business. Our international operations accounted for approximately $952.4 million and $2.0 billion of our gross profit for the three and nine months ended September 30, 2011, respectively, which compares to $529.8 million and $1.1 billion, respectively, for the same periods in 2010. Gross profit attributable to our international operations increased, on a local currency basis, by approximately 68% and 71% for the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010.

Operating Expenses

Advertising

	Three Months Ended September 30, ($000)			Nine Months Ended September 30, ($000)		
	2011	2010	Change	2011	2010	Change
Online Advertising	$ 279,926	$ 172,727	62.1%	$ 701,317	$ 418,354	67.6%
% of Total Gross Profit	25.4%	25.9%		29.8%	29.2%	
Offline Advertising	$ 8,035	$ 7,773	3.4%	$ 29,463	$ 29,684	(0.7)%
% of Total Gross Profit	0.7%	1.2%		1.3%	2.1%	

Online advertising expenses primarily consist of the costs of (1) search engine keyword purchases; (2) affiliate programs; (3) banner and pop-up advertisements; and (4) e-mail campaigns. For the three and nine months ended September 30, 2011, online advertising expenses increased over the same periods in 2010, primarily to support increased hotel room night reservations for Booking.com and Agoda, increased rental car day reservations for TravelJigsaw and increased hotel room night reservations for priceline.com. Online advertising as a percentage of gross profit increased for the nine months ended September 30, 2011, compared to the same period in 2010. The

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increase is driven primarily by brand mix rather than a change in the fundamental efficiency of our online advertising by brand. Our international businesses are growing faster than our priceline.com business in the U.S., and spend a higher percentage of gross profit on online advertising. Furthermore, priceline.com is obtaining an increasing share of its traffic though online advertising, a trend which we expect to continue. We recognize advertising expense at the time of booking, but recognize the gross profit for price-disclosed hotel and rental car reservations when the travel is completed. Online advertising as a percentage of gross profit decreased for the three months ended September 30, 2011 compared to the same period in 2010, due to the beneficial impact of gross profit related to reservations and advertising spend during the higher-growth second quarter, partially offset by the brand mix impact discussed above.

Offline advertising expenses are related to our domestic television, print and radio advertising for priceline.com. For the nine months ended September 30, 2011, offline advertising expenses decreased compared to the same period in 2010, primarily due to lower

print advertising costs. For the three months ended September 30, 2011, offline advertising expenses increased compared to the same period in 2010 due to higher creative and television advertising costs.

Sales and Marketing

	Three Months Ended September 30, ($000)			Nine Months Ended September 30, ($000)		
	2011	2010	Change	2011	2010	Change
Sales and Marketing	$ 47,124	$ 33,060	42.5%	$ 122,931	$ 85,663	43.5%
% of Total Gross Profit	4.3%	5.0%		5.2%	6.0%	

Sales and marketing expenses consist primarily of (1) credit card processing fees associated with merchant transactions; (2) fees paid to third-parties that provide call center, website content translations and other services (3) provisions for credit card chargebacks; and (4) provisions for bad debt, primarily related to agency hotel commission receivables. For the three and nine months ended September 30, 2011, sales and marketing expenses, which are substantially variable in nature, increased over the same periods in 2010, primarily due to increased gross booking volumes as well as expenses related to increased content translations. Costs associated with our U.S. priceline.com business comprise a large component of sales and marketing expense. Our U.S. priceline.com business grew more slowly than our total gross profit, which benefited from the high growth in our international agency business, and as a result, sales and marketing expenses as a percentage of total gross profit for the three and nine months ended September 30, 2011 declined compared to the same periods of 2010.

Personnel

	Three Months Ended September 30, ($000)			Nine Months Ended September 30, ($000)		
	2011	2010	Change	2011	2010	Change
Personnel	$ 94,463	$ 82,007	15.2%	$ 255,450	$ 194,635	31.2%
% of Total Gross Profit	8.6%	12.3%		10.8%	13.6%	

Personnel expenses consist of compensation to our personnel, including salaries, bonuses, payroll taxes, employee health benefits and stock-based compensation. For the three and nine months ended September 30, 2011, personnel expenses increased over the same periods in 2010, due primarily to increased headcount to support the growth of our international business. Stock-based compensation expense was approximately $13.3 million and $21.2 million for the three months ended September 30, 2011 and 2010, respectively, and approximately $40.4 million and $48.6 million for the nine months ended September 30, 2011 and 2010, respectively. Stock-based compensation expense is lower for the three and nine months ended September 30, 2011 as compared to the same periods in 2010, because expense for the three and nine months ended September 30, 2010 included cumulative

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expense impacts of $6.4 million and $11.0 million, respectively, to reflect an increase in the estimated probable outcome for certain performance share units.

General and Administrative

	Three Months Ended September 30, ($000)			Nine Months Ended September 30, ($000)		
	2011	2010	Change	2011	2010	Change
General and Administrative	$ 31,717	$ 15,730	101.6%	$ 87,334	$ 56,224	55.3%
% of Total Gross Profit	2.9%	2.4%		3.7%	3.9%	

General and administrative expenses consist primarily of: (1) fees for outside professionals, including litigation expenses; (2) occupancy expenses; and (3) personnel related expenses such as recruiting, training and travel expenses. General and administrative expenses increased during the three and nine months ended September 30, 2011, over the same periods in 2010, due to higher recruiting, training and travel expenses related to the increased headcount at Booking.com, Agoda and TravelJigsaw. Additionally, we have significantly increased our new office expansion worldwide to support continued growth in our international operations. The nine months ended September 30, 2010 included one-time professional fee expenses related to the acquisition of TravelJigsaw in May 2010 and a favorable adjustment in the three months ended September 30, 2010 of approximately $2.7 million in connection with the resolution of certain franchise tax and sales and use tax issues related to our corporate headquarters location.

Information Technology

	Three Months Ended September 30, ($000)			Nine Months Ended September 30, ($000)		
	2011	2010	Change	2011	2010	Change
Information Technology	$ 8,548	$ 5,347	59.9%	$ 23,456	$ 14,850	58.0%
% of Total Gross Profit	0.8%	0.8%		1.0%	1.0%	

Information technology expenses consist primarily of: (1) system maintenance and software license fees; (2) outsourced data center costs relating to our domestic and international data centers; (3) data communications and other expenses associated with operating our Internet sites; and (4) payments to outside consultants. For the three and nine months ended September 30, 2011, information technology expenses increased compared to the same periods in 2010, due primarily to growth in our worldwide operations.

Depreciation and Amortization

	Three Months Ended September 30, ($000)			Nine Months Ended September 30, ($000)		
	2011	2010	Change	2011	2010	Change
Depreciation and Amortization	$ 13,957	$ 12,775	9.2%	$ 40,087	$ 33,312	20.3%
% of Total Gross Profit	1.3%	1.9%		1.7%	2.3%	

Depreciation and amortization expenses consist of: (1) amortization of intangible assets with determinable lives; (2) amortization of internally developed and purchased software, (3) depreciation of computer equipment; and (4) depreciation of leasehold improvements, office equipment and furniture and fixtures. For the three and nine months ended September 30, 2011, depreciation expense increased from the same periods in 2010 due to capital expenditures for computer equipment. In addition, for the nine months ended September 30, 2011, amortization

expense increased from the same period in 2010 due to acquisition-related amortization in connection with our acquisition of TravelJigsaw in May 2010.

Other Income (Expense)

	Three Months Ended September 30, ($000)			Nine Months Ended September 30, ($000)		
	2011	2010	Change	2011	2010	Change
Interest Income	$ 2,526	$ 918	175.1%	$ 6,075	$ 2,713	123.9%
Interest Expense	(7,879)	(8,293)	(5.0)%	(23,389)	(22,366)	4.6%
Foreign Currency Transactions and Other	827	(10,715)	(107.7)%	(8,696)	(12,806)	(32.1)%
Total	$ (4,526)	$ (18,090)	(75.0)%	$ (26,010)	$ (32,459)	(19.9)%

For the three and nine months ended September 30, 2011, interest income on cash and marketable securities increased over the same periods in 2010, primarily due to an increase in the average balance invested. Interest expense decreased for the three months ended September 30, 2011, as compared to the same period in 2010, primarily due to a decrease in the average outstanding debt. Interest expense increased for the nine months ended September 30, 2011, as compared to the same period in 2010, primarily due to an increase in the average outstanding debt resulting from the March 2010 issuance of $575 million aggregate principal amount of convertible senior notes.

Derivative contracts that hedge our exposure to the impact of currency fluctuations on the translation of our international operations resulted in foreign exchange gains of $3.9 million and $1.9 million for the three and nine months ended September 31, 2011, respectively, and foreign exchange losses of $6.1 million and foreign exchange gains of $2.1 million for the three and nine months ended September 30, 2010, respectively, that are recorded in "Foreign currency transactions and other."

Foreign exchange transaction losses, including fees on foreign exchange transactions, resulted in losses of $3.1 million and $10.6 million for the three and nine months ended September 30, 2011, respectively, compared to losses of $1.4 million and $3.6 million for the three and nine months ended September, 30, 2010, respectively, and are recorded in "Foreign currency transactions and other."

In addition, losses of $3.2 million and $11.3 million for the three and nine months ended September 30, 2010, respectively, resulted from convertible debt conversions during 2010, and are recorded in "Foreign currency transactions and other."

Income Taxes

	Three Months Ended September 30, ($000)			Nine Months Ended September 30, ($000)		
	2011	2010	Change	2011	2010	Change
Income Tax Expense	$ 138,966	$ 94,119	47.6%	$ 235,959	$ 172,347	36.9%

Our effective tax rate for the three and nine months ended September 30, 2011 was 22.7% and 22.1%, respectively. Our effective tax rate for the three and nine months ended September 30, 2011 differs from the expected tax provision at the U.S. statutory tax rate of 35% principally due to lower foreign tax rates and the resolution of an uncertain tax position during the second quarter of 2011.

Following the conclusion of an audit, we reversed a reserve of approximately $12.5 million in the three months ended June 30, 2011 for unrecognized tax benefits attributable to tax positions taken in 2010. We do not expect further significant changes in the amount of unrecognized tax benefits during the next twelve months.

The effective tax rate for the three and nine months ended September 30, 2011 is lower compared to the same periods in 2010 primarily due to a higher percentage of foreign income, which is taxed at lower rates, and the reversal of the reserve for unrecognized tax benefits referred to above. Our 2011 effective tax rate is also lower as a result of the Innovation Box Tax benefit discussed below.

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Effective January 1, 2010, the Netherlands modified its corporate income tax law related to income generated from qualifying "innovative" activities (the "Innovation Box Tax"). Earnings that qualify for the Innovation Box Tax will effectively be taxed at the rate of 5% rather than the Dutch statutory rate of 25.0%. Booking.com obtained a ruling from the Dutch tax authorities in February 2011 confirming that a portion of its earnings ("qualifying earnings") is eligible for Innovation Box Tax treatment. The ruling from the Dutch tax authorities is valid from January 1, 2010 through December 31, 2013 (the "Initial Period"). In this ruling, the Dutch tax authorities require that the Innovation Box Tax benefit be phased in over a multi-year period. The amount of qualifying earnings expressed as a percentage of the total pretax earnings in the Netherlands will vary depending upon the level of total pretax earnings that is achieved in any given year.

In order to be eligible for Innovation Box Tax treatment, Booking.com must, among other things, apply for and obtain a research and development ("R&D") certificate from a Dutch governmental agency every six months confirming that the activities that Booking.com intends to be engaged in over the subsequent six month period are "innovative." Should Booking.com fail to secure such a certificate in any such period − for example, because the governmental agency does not view Booking.com' s new or anticipated activities as "innovative" − or should this agency determine that the activities contemplated to be performed in a prior period were not performed as contemplated or did not comply with the agency' s requirements, Booking.com may lose its certificate and, as a result, the Innovation Box Tax benefit may be reduced or eliminated.

After the Initial Period, Booking.com intends to reapply for continued Innovation Box Tax treatment for future periods. There can be no assurance that Booking.com' s application will be accepted, or that the amount of qualifying earnings or applicable tax rates will not be reduced at that time. In addition, there can be no assurance that the tax law will not change in 2011 and/or future years resulting in a reduction or elimination of the tax benefit.

The Innovation Box Tax did not have a material impact on the Company' s 2010 results. The Company currently expects the impact of the Innovation Box Tax to reduce its consolidated effective income tax rate for 2011 by approximately two to four percentage points.

Due to our domestic net operating loss carryforwards, we do not expect to make tax payments on our U.S. income for the foreseeable future, except for U.S. federal alternative minimum tax and state income taxes. However, we expect to pay foreign taxes on our foreign income. We expect that our international operations will grow their pretax income at higher rates than the U.S. over the long term and, therefore, it is our expectation that our cash tax payments will increase as our international businesses generate an increasing share of our pre-tax income.

The Internal Revenue Service initiated an audit of our income taxes for the first time in the third quarter of 2011. To date, we have been audited in several taxing jurisdictions with no significant adjustments as a result. If future audits find that additional taxes are due, we may be subject to incremental tax liabilities, possibly including interest and penalties, which could have a material adverse effect on our financial condition and results of operations.

Redeemable Noncontrolling Interests

	Three Months Ended September 30, ($000)			Nine Months Ended September 30, ($000)		
	2011	2010	Change	2011	2010	Change
Net income attributable to redeemable noncontrolling interests	$ 3,387	$ 1,580	114.4%	$ 2,520	$ 1,219	106.7%

The net income attributable to redeemable noncontrolling interests for the three and nine months ended September 30, 2011 compared to the same periods in 2010 increased due to improved year-over-year operating performance for TravelJigsaw.

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Liquidity and Capital Resources

As of September 30, 2011, we had $2.4 billion in cash, cash equivalents and short-term investments. Approximately $1.4 billion of our cash and cash equivalents and short-term investments are held by our international subsidiaries and are denominated primarily in Euros and, to a lesser extent, in British Pound Sterling. We currently intend to permanently reinvest this cash in our international operations. We could not repatriate this cash without incurring an additional tax liability in the U.S. Cash equivalents and short-term investments are primarily comprised of highly liquid, investment-grade debt securities.

As of September 30, 2011, we have a remaining authorization from our Board of Directors to repurchase $459.2 million of our common stock. We may from time to time make additional repurchases of our common stock, depending on prevailing market conditions, alternate uses of capital, and other factors.

Our merchant transactions are structured such that we collect cash up front from our customers and then we pay most of our suppliers at a subsequent date. We therefore tend to experience significant swings in supplier payables depending on the absolute level of our merchant transactions during the last few weeks of every quarter. This can cause volatility in working capital levels and impact cash balances more or less than our operating income would indicate.

Net cash provided by operating activities for the nine months ended September 30, 2011, was $1.1 billion, resulting from net income of $833.2 million, a favorable impact of non-cash items not affecting cash flows of $140.3 million and net favorable changes in working capital of $86.5 million. The changes in working capital for the nine months ended September 30, 2011, were primarily related to a $292.2 million increase in accounts payable, accrued expenses and other current liabilities, partially offset by a $202.1 million increase in accounts receivable. The increase in these working capital balances was primarily related to seasonality and increases in business volume. Our bookings and revenues are generally higher in the third quarter of the year than in the fourth quarter of the year, which typically results in higher accounts receivable, deferred merchant bookings, accounts payable and accrued expenses at September 30, 2011 compared to December 31, 2010. Non-cash items were primarily associated with deferred income taxes, stock-based compensation expense, depreciation and amortization, primarily from acquisition-related intangible assets, and amortization of debt discount.

Net cash provided by operating activities for the nine months ended September 30, 2010, was $597.4 million, resulting from net income of $393.0 million, net favorable changes in working capital of $51.0 million, and a net favorable impact of $153.4 million for non-cash items not affecting cash flows. Non-cash items include deferred income taxes, stock-based compensation expense, depreciation and amortization, primarily from acquisition-related intangible assets, amortization of debt discount and losses on

conversions of our convertible notes. The changes in working capital for the nine months ended September 30, 2010, were related to a $169.9 million increase in accounts payable, accrued expenses and other current liabilities, partially offset by a $112.8 million increase in accounts receivable. The increase in these working capital balances was primarily related to seasonality and increases in business volume as well as the timing of income tax payments. Our bookings and revenues are generally higher in the third quarter of the year than in the fourth quarter of the year which typically results in higher accounts receivable, deferred merchant bookings, accounts payable and accrued expenses at September 30, 2010 compared to December 31, 2009.

Net cash used in investing activities was $838.2 million for the nine months ended September 30, 2011. Investing activities were affected by payments of $68.0 million for acquisitions, principally related to contingent consideration associated with the 2007 acquisition of Agoda, $36.8 million net payments to settle derivative contracts, net purchases of investments of $700.7 million, and a change in restricted cash of $2.9 million. Net cash used in investing activities was $449.1 million for the nine months ended September 30, 2010. During the nine months ended September 30, 2010, investing activities were affected by $364.1 million net purchase of investments and a payment of $111.0 million for acquisitions and other equity investments, net of cash acquired, partially offset by $40.3 million net proceeds from foreign currency forward contracts. Cash invested in purchases of property and equipment was $29.8 million and $14.5 million for the nine months ended September 30, 2011 and 2010, respectively. The increase in 2011 is to support the growth of our business, including additional data center capacity and capital expenditures for new offices opened during the year, a trend we expect to continue to support future business growth.

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Net cash used by financing activities was approximately $156.6 million for the nine months ended September 30, 2011. The cash used in financing activities during the nine months ended September 30, 2011 was primarily related to treasury stock purchases of $162.4 million, approximately $13.0 million spent to purchase a portion of the shares underlying redeemable noncontrolling interests in TravelJigsaw, and $0.2 million of principal paid upon the conversion of senior notes, partially offset by $4.0 million of proceeds from the exercise of employee stock options and $15.0 million of excess tax benefits from stock-based compensation. Net cash provided by financing activities was approximately $174.5 million for the nine months ended September 30, 2010. The cash provided by financing activities during the nine months ended September 30, 2010 was primarily related to proceeds from the issuance of convertible senior notes with an aggregate principal amount of $575.0 million, $24.6 million of proceeds from the exercise of employee stock options, $5.0 million of excess tax benefits from stock-based compensation and proceeds of $4.3 million from the sale of shares of TravelJigsaw to certain Booking.com managers, partially offset by $295.4 million paid upon the conversion of senior notes, $125.7 million of treasury stock purchases and $13.3 million of debt issuance costs.

In October 2011, we entered into a $1 billion five-year unsecured revolving credit facility with a group of lenders. Borrowings under the revolving credit facility will bear interest, at our option, at a rate per annum equal to either (i) the adjusted LIBOR for the interest period in effect for such borrowing plus an applicable margin ranging from 1.00% to 1.50%; or (ii) the greatest of (a) JPMorgan Chase Bank, National Association' s prime lending rate, (b) the federal funds rate plus ½ of 1%, and (c) an adjusted LIBOR for an interest period of one month plus 1.00%, plus an applicable margin ranging from 0.00% to 0.50%. Undrawn balances available under the revolving credit facility are subject to commitment fees at the applicable rate ranging from 0.10% to 0.25%.

The revolving credit facility provides for the issuance of up to $100.0 million of letters of credit as well as borrowings of up to $50 million on same-day notice, referred to as swingline loans. Borrowings under the revolving credit facility may be made in U.S. dollars, Euros, Pounds Sterling and any other foreign currency agreed to by the lenders. The proceeds of loans made under the facility will be used for working capital and general corporate purposes. As of November 7, 2011, there were no borrowings under the facility, and approximately $1.8 million of letters of credit were issued under the facility. Upon entering into this new revolving credit facility, we terminated our $175.0 million revolving credit facility entered into in 2007 (see Note 9 to the Unaudited Consolidated Financial Statements).

Since the contingent conversion threshold for the 1.25% Convertible Senior Notes due 2015 was exceeded as of September 30, 2011, these notes are convertible at the option of the holders. If the holders elect to convert, we will be required to pay the aggregate principal amount in cash and we will deliver cash or shares of common stock, at our option, for the conversion value in excess of the aggregate principal amount. We would likely fund our conversion obligations with cash and cash equivalents, short-term investments and borrowings under our revolving credit facility.

We believe that our existing cash balances and liquid resources will be sufficient to fund our operating activities, capital expenditures and other obligations through at least the next twelve months. However, if during that period or thereafter, we are not successful in generating sufficient cash flow from operations or in raising additional capital when required in sufficient amounts and on terms acceptable to us, we may be required to reduce our planned capital expenditures and scale back the scope of our business plan, either of which could have a material adverse effect on our future financial condition or results of operations. If additional funds were raised through the issuance of equity securities, the percentage ownership of our then current stockholders would be diluted. There are no assurances that we will generate sufficient cash flow from operations in the future, that revenue growth or sustained profitability will be realized or that future borrowings or equity sales will be available in amounts sufficient to make anticipated capital expenditures, finance our strategies or repay our indebtedness.

Contingencies

A number of jurisdictions have initiated lawsuits against us related to, among other things, the payment of hotel occupancy and other taxes (i.e., state and local sales tax). In addition, a number of municipalities have initiated audit proceedings, issued proposed tax assessments or started inquiries relating to the payment of hotel occupancy and other taxes. To date, the majority of taxing jurisdictions in which we facilitate the making of hotel room reservations have not asserted that taxes are due and payable on our U.S. "merchant" hotel business. With respect to jurisdictions that have not initiated proceedings to date, it is possible that they will do so in the future or

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that they will seek to amend their tax statutes and seek to collect taxes from us on a prospective basis. See Note 14 to the Unaudited Consolidated Financial Statements for a description of these pending cases and proceedings and Risk Factors − "Adverse application of state and local tax laws could have an adverse effect on our business and results of operation" in this Quarterly Report.

We are vigorously defending against these claims and proceedings. However, litigation is subject to uncertainty and there could be adverse developments in these pending or future cases and proceedings. An unfavorable outcome or settlement of these actions or proceedings could result in substantial liabilities for past and/or future bookings, including, among other things, interest, penalties, punitive damages and/or attorney fees and costs, which could have a material adverse effect on our cash flows in any given operating period. Also, there have been, and will continue to be, ongoing costs associated with defending our position in pending and any future cases or proceedings.

To the extent that any tax authority succeeds in asserting that we have a tax collection responsibility, or we determine that we have one, with respect to future transactions, we may collect any such additional tax obligations from our customers, which would have the effect of increasing the cost of hotel room reservations to our customers, and, consequently, could make our hotel services less competitive (i.e., versus the websites of other online travel companies or hotel company websites) and reduce hotel reservation transactions; alternatively, we could choose to reduce the compensation of our services on "merchant" hotel transactions. Either step could have a material adverse effect our business and results of operations.

As a result of this litigation and other attempts by jurisdictions to levy similar taxes, we have established a reserve for hotel occupancy and other taxes, which amounted to approximately $31 million and $26 million as of September 30, 2011 and December 31, 2010, respectively. The reserve is based on our reasonable estimate, and the ultimate resolution of these issues may be less or greater

than the liabilities recorded. We believe that even if we were to suffer adverse determinations in the near term in more of the pending proceedings than currently anticipated given results to date, because of our available cash, it would not have a material impact on our liquidity.

Off-Balance Sheet Arrangements

As of September 30, 2011, we did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Sections of this Form 10-Q including, in particular, our Management' s Discussion and Analysis of Financial Condition and Results of Operations above, contain forward-looking statements. These forward-looking statements reflect the views of our management regarding current expectations and projections about future events and are based on currently available information and current foreign currency exchange rates. These forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict; therefore, actual results may differ materially from those expressed, implied or forecasted in any such forward-looking statements.

Expressions of future goals and expectations or similar expressions including, without limitation, "may," "will," "should," "could," "expects," "does not currently expect," "plans," "anticipates," "intends," "believes," "estimates," "predicts," "potential," "targets," or "continue," reflecting something other than historical fact are intended to identify forward-looking statements. The factors described below in the section entitled "Risk Factors" could cause our actual results to differ materially from those described in the forward-looking statements. Unless required by law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. However, readers should carefully review the reports and documents we file from time to time with the Securities and Exchange Commission, particularly the Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K.

Risk Factors

The following risk factors and other information included in this Quarterly Report should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the following risks occur, our business, financial condition, operating results and cash flows could be materially adversely affected.

Booking.com, Agoda and TravelJigsaw face risks related to their growth rate and expansion, and subject us to risks that can adversely affect our operating results.

We derive a substantial portion of our revenues from, and have significant operations, outside of the United States. Our international operations include the Netherlands-based hotel reservation service Booking.com, the Singapore-based hotel reservation service Agoda and the U.K.-based rental car reservation service TravelJigsaw. Each year since 2007, our international operations achieved significant year-over-year growth in their gross bookings (an operating and statistical metric referring to the total dollar value, generally inclusive of all taxes and fees, of all travel services purchased by our customers) and hotel room night reservations. This growth rate has contributed significantly to our growth in revenue, gross profit and earnings per share. Over time, Booking.com, Agoda and TravelJigsaw will experience a decline in their growth rate as the absolute level of their gross bookings and unit sales grow larger. Other factors may also slow the growth rates of our international operations, including, for example, worldwide economic conditions,

any strengthening of the U.S. Dollar versus the Euro and other currencies, declines in hotel average daily rates ("ADRs"), increases in cancellations, travel market conditions and the competitiveness of the market. A decline in the growth rates of our international operations could have a negative impact on our future revenue and earnings per share growth rates and, as a consequence, our stock price.

The strategy of Booking.com, Agoda and TravelJigsaw involves rapid expansion into regions around the world, including Europe, Asia-Pacific, North America, South America and elsewhere, many of which have different customs, different levels of customer acceptance of the Internet and different legislation, regulatory environments, tax laws and levels of political stability. In addition, compliance with foreign legal, regulatory or tax requirements will place demands on our time and resources, and we may nonetheless experience unforeseen and potentially adverse legal, regulatory or tax consequences. If Booking.com, Agoda and TravelJigsaw are unsuccessful in rapidly expanding into new markets, our business, results of operations and financial condition would be adversely affected.

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We are dependent on the travel industry.

Our financial prospects are significantly dependent upon our sale of travel services, particularly leisure travel. Travel, including hotel, rental car and airline ticket reservations, is dependent on discretionary spending levels. As a result, sales of travel services tend to decline during general economic downturns and recessions. Accordingly, the recent worldwide recession led to a weakening in the fundamental demand for our services and an increase in the number of customers who cancelled existing travel reservations with us. Recently, we have experienced short-term volatility in the transactional growth rates and in the growth in cancellations for our international business, which may make it more difficult to predict longer-term trends and the future impact of macro-economic weakness on our business. In addition, unforeseen events beyond our control, such as worldwide recession, higher oil prices, terrorist attacks, unusual weather patterns, natural disasters such as earthquakes, hurricanes, tsunamis, floods, volcanic eruptions (such as the April 2010 eruption of a volcano in Iceland), travel related health concerns including pandemics and epidemics such as Influenza H1N1, avian bird flu and SARS, political instability, regional hostilities, imposition of taxes or surcharges by regulatory authorities, travel related accidents or the withdrawal from our system of a major hotel supplier or airline, could adversely affect our business and results of operations.

For example, in early 2011, Japan was struck by a major earthquake, tsunami and nuclear emergency. Japan is an important source of travel demand for Agoda, and these crises have had an adverse impact on travel demand originating in Japan and demand for Japanese destinations. In October 2011, severe flooding in Thailand, a key market for our Agoda business and the Asian business of Booking.com, negatively impacted booking volumes in this market. In addition, in early 2010, Thailand experienced disruptive civil unrest, which caused the temporary relocation of Agoda' s Thailand-based operations. Future natural disasters or civil or political unrest could further disrupt our business and operations in Thailand.

In addition, work stoppages or labor unrest at any of the major airlines could materially adversely affect the airline industry and, as a consequence, have a material adverse effect on our business, results of operations and financial condition.

*We are exposed to fluctuations in currency exchange rates***.**

As a result of the growth of Booking.com and Agoda, and the acquisition of TravelJigsaw, we are conducting a significant portion of our business outside the United States and are reporting our results in U.S. Dollars. As a result, we face exposure to adverse movements in currency exchange rates as the financial results of our international operations are translated from local currency (principally the Euro and the British Pound Sterling) into U.S. Dollars upon consolidation. For example, a strengthening of the Euro increases our Euro-denominated net assets, gross bookings, gross profit, operating expenses, and net income as expressed in U.S.

Dollars, while a weakening of the Euro decreases our Euro-denominated net assets, gross bookings, gross profit, operating expenses, and net income as expressed in U.S. Dollars. Additionally, foreign exchange rate fluctuations on transactions denominated in currencies other than the functional currency result in gains and losses that are reflected in the Unaudited Consolidated Statement of Operations. Booking.com, Agoda and TravelJigsaw are subject to risks typical of international business, including, but not limited to, differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility. Greece, Ireland, Portugal and certain other European Union countries with high levels of sovereign debt have had difficulty refinancing their debt. Concern around devaluation or abandonment of the Euro common currency, or that sovereign default risk may be more widespread and could include the U.S., has led to significant volatility in the exchange rate between the Euro, the U.S. dollar and other currencies over the past several years.

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Intense competition could reduce our market share and harm our financial performance.

We compete with both online and traditional sellers of the services we offer. The market for the services we offer is intensely competitive, and current and new competitors can launch new sites at a relatively low cost. We may not be able to effectively compete with industry conglomerates such as Google, Microsoft or Expedia, each of which may have access to significantly greater and more diversified resources than we do.

We currently or potentially compete with a variety of companies with respect to each service we offer. With respect to our travel services, these competitors include, but are not limited to:

- Internet travel services such as Expedia, Hotels.com, Hotwire and Venere, which are owned by Expedia; Travelocity, lastminute.com and Zuji, which are owned by the Sabre Group; Orbitz.com, Cheaptickets, ebookers, HotelClub and RatesToGo, which are owned by Orbitz Worldwide; laterooms and asiarooms, which are owned by Tui Travel; and Gullivers, octopustravel, Superbreak, hotel.de, Hotel Reservation Service, AutoEurope, Holiday Auto, Car Trawler, Ctrip, MakeMyTrip, Rakuten and Wotif;

- travel suppliers such as hotel companies, airlines and rental car companies, many of which have their own branded websites to which they drive business;

- large online portal, social networking, group buying and search companies, such as Google, Yahoo! (including Yahoo! Travel), Bing (including Bing Travel), Facebook and Groupon;

- traditional travel agencies, wholesalers and tour operators;

- online travel search sites such as Kayak.com, Trivago.com, Mobissimo.com, FareChase.com and HotelsCombined (each sometimes referred to as a "meta-search" site) and travel research sites that have search functionality, such as TripAdvisor, Travelzoo and Cheapflights.com; and

- operators of travel industry reservation databases such as Galileo, Travelport, Amadeus and Sabre.

Large, established Internet search engines with substantial resources and expertise in developing online commerce and facilitating Internet traffic are creating − and intend to further create − inroads into online travel, both in the U.S. and internationally. For example, following its acquisition of ITA Software, Inc., a major flight information software company, Google recently launched a new flight search tool that enables users to find fares, schedules and availability directly on Google and excludes online travel agent ("OTA") participation within the search results. Google has also invested in HomeAway, a publicly traded vacation home rental

service, and launched "Hotel Finder," a utility that allows users to search and compare hotel accommodations based on parameters set by the user. In addition, Microsoft has launched *Bing Travel*, which searches for airfare and hotel reservations online and predicts the best time to purchase them. "Meta-search" sites leverage their search technology to aggregate travel search results for the searcher' s specific itinerary across supplier, travel agent and other websites and, in many instances, compete directly with us for customers. Furthermore, certain suppliers limit OTA participation within the meta-search results. Some meta-search sites, such as Kayak.com, which offers its users the ability to make hotel reservations directly on its website, may evolve into more traditional online travel sites. These initiatives, among others, illustrate a clear intention to more directly appeal to travel consumers by showing consumers more detailed travel search results, including specific information for travelers' own itineraries, which could lead to suppliers or others gaining a larger share of search traffic or may ultimately lead to search engines maintaining transactions within their own websites. If Google, as the single largest search engine in the world, or Bing, or other leading search engines refer significant traffic to these or other travel services that they develop in the future, it could result in, among other things, more competition from supplier websites and higher customer acquisition costs for third-party sites such as ours and could have a material adverse effect on our business, results of operations and financial condition.

Hotels are increasingly offering hotel room reservations through "daily deal" websites such as Groupon and Living Social, which sell coupons to customers at a substantial discount. Expedia recently entered into a partnership

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with Groupon to sell hotel room reservations to Groupon customers under the "Groupon Getaways" brand name. If these new services are successful, we may experience less demand for our services and are likely to face more competition for access to the limited supply of discounted hotel room rates.

Competition in domestic online travel remains intense and traditional online travel companies are creating new promotions and consumer value features in an effort to gain competitive advantage. In particular, the competition to provide "opaque" hotel services to consumers, an area in which priceline.com has been a leader, has become more intense over the recent past. For example, in the fourth quarter of 2010, Expedia began making opaque hotel room reservations available on its principal website under the name "Expedia Unpublished Rates" and has been supporting the initiative with a national television advertising campaign. In addition, in 2009, Travelocity launched an opaque price-disclosed hotel booking service that allows customers to book rooms at a discount. As with our *Name Your Own Price*® hotel booking service, for these services, the name of the hotel is not disclosed until after purchase. We believe these new offerings, in particular Expedia Unpublished Rates, have adversely impacted the market share and year-over-year growth rate for our opaque hotel service, which experienced a decline in room night reservations in the third quarter of 2011 compared to the third quarter of 2010. In addition, hotels are increasingly offering discounted hotel room reservations through "daily deal" websites such as Groupon and Living Social. If Expedia or Travelocity are successful in growing their opaque hotel service and/or "daily deal" websites are successful in garnering a sizeable share of discounted hotel bookings, we may have less consumer demand for our opaque hotel service over time and we are likely to face more competition for access to the limited supply of discounted hotel room rates. As a result, we believe our share of the discount hotel market in the U.S. could further decrease.

We believe that for a number of reasons, including the recent significant year-over-year increase in retail airfares, consumers are engaging in increased shopping behavior before making a travel purchase than they engaged in previously. Increased shopping behavior reduces our advertising efficiency and effectiveness because traffic becomes less likely to result in a purchase on our website, and such traffic is more likely to be obtained through paid online advertising channels than through free direct channels.

Many airline, hotel and rental car suppliers, including suppliers with which we conduct business, are focusing on driving online demand to their own websites in lieu of third-party distributors such as us. Certain suppliers have attempted to charge additional fees to customers who book airline reservations through an online channel other than their own website. Furthermore, some airlines may distribute their tickets exclusively through their own websites. Suppliers who sell on their own websites typically do not charge a

processing fee, and, in some instances, offer advantages such as web-only fares, bonus miles or loyalty points, which could make their offerings more attractive to consumers than models like ours.

Many of our current and potential competitors, including Internet directories, search engines and large traditional retailers, have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing, personnel, technical and other resources than we do. Some of these competitors may be able to secure services on more favorable terms than we can. In addition, many of these competitors may be able to devote significantly greater resources to:

- marketing and promotional campaigns;
- attracting traffic to their websites;
- attracting and retaining key employees;
- securing vendors and supply; and
- website and systems development.

Increased competition could result in reduced operating margins, loss of market share and damage to our brands. There can be no assurance that we will be able to compete successfully against current and future competitors or that competition will not have a material adverse effect on our business, results of operations and financial condition.

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We are dependent on certain suppliers.

Our arrangements with the hotel, airline and rental car suppliers that participate in our system − either through our *Name Your Own Price*® or price-disclosed service − generally do not require them to provide any specific quantity of hotel room reservations, airline tickets or rental cars, or to make room reservations, tickets or cars available for any particular route, in any geographic area or at any particular price. During the course of our business, we are in continuous dialogue with our major suppliers about the nature and extent of their participation in our system. The significant reduction on the part of any of our major suppliers of their participation in our system for a sustained period of time or their complete withdrawal could have a material adverse effect on our business, results of operations and financial condition.

During the recent worldwide recession, the hotel industry experienced a significant decrease in occupancy rates and ADRs, and an increase in reservation cancellation rates. While lower occupancy rates have historically resulted in hotel suppliers increasing their distribution of hotel room reservations through third-party intermediaries such as us, our remuneration for hotel transactions changes proportionately with room price, and therefore, lower ADRs generally have a negative effect on our hotel business and a negative effect on our gross profit.

In addition, certain hotels have begun initiatives to reduce margins received by third party intermediaries on retail merchant transactions, which is the primary method we employ to distribute retail hotel room reservations in the United States. Many hotels distribute room reservations through their own websites and therefore might increase negotiated rates for merchant rate hotel room reservations sold through our merchant price-disclosed hotel service, decreasing the margin available to us. While our merchant price-disclosed hotel agreements with our leading hotel suppliers provide for specified discounts, if one or more participating hotels were to require us to limit our merchant margins, upon contract renewal or otherwise, it could have an adverse effect on our business, results of operations and financial condition.

Historically, for our merchant business in the U.S., we have relied on fees paid to us by GDSs for travel bookings made through GDSs for a portion of our gross profit. We rebate certain GDS costs to certain suppliers in exchange for contractual considerations such as those relating to pricing and availability, and expect to continue to do so in the future. Suppliers put pressure on

us to reduce our aggregate compensation and book through lower cost channels in order to receive full content and avoid penalties. We have agreements with a number of suppliers to obtain access to content, and are in continuing discussions with others to obtain similar access. If we were denied access to full content or had to impose service fees on our services, it could have a material adverse effect on our business, results of operations and financial condition.

With respect to our airline suppliers, the airline industry has experienced a shift in market share from full-service carriers to low-cost carriers that focus primarily on discount fares to leisure destinations and we expect this trend to continue. Some low-cost carriers, such as Southwest, have not historically distributed their tickets through us or other third-party intermediaries. In addition, certain airlines have significantly limited or eliminated sales of airline tickets through opaque channels, preferring to consistently show the lowest available price on their own website. Domestic airlines have reduced capacity and increased fares since the latter part of 2009, a trend which is expected to continue. Decreases in capacity reduce the amount of airline tickets available to us, while significant increases in average airfares in 2010 and thus far in 2011 have adversely impacted leisure travel demand. Reduced airline capacity and demand negatively impact our priceline.com air business, which in turn has negative repercussions on our priceline.com hotel and rental car businesses. Our rental car business is further impacted by decreases in rental car fleets, which has negatively impacted our *Name Your Own Price*® rental car service. As a result of these challenges, we experienced a decline in *Name Your Own Price*® airline tickets and rental car days during the year ended December 31, 2010 compared to 2009. Our access to discounted airline ticket and rental cars improved during 2011, but we expect continued variability in the breadth and depth of discounted airline tickets and rental car rates made available to us in the future, depending on market conditions from time to time.

We could be adversely affected by changes in the airline industry, and, in many cases, we will have no control over such changes or their timing. Recently, there has been significant domestic airline industry consolidation, as evidenced by mergers of United Air Lines with Continental Airlines; Delta Air Lines with Northwest Airlines; and AirTran with Southwest Airlines. If one of our major airline suppliers merges or

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consolidates with, or is acquired by, another company that either does not participate in the priceline.com system or that participates on substantially lower levels, the surviving company may elect not to participate in our system or to participate at lower levels than the previous supplier. For example, in May 2011, Southwest Airlines announced that it completed its acquisition of AirTran. AirTran has participated in our *Name Your Own Price*® system on only a limited basis, but Southwest Airlines has never participated. In fact, Southwest Airlines does not currently distribute airline tickets through any online travel agent or permit its fares to appear in comparative fare displays. If AirTran fares are taken out of the online marketplace as a result of this acquisition, those fares would no longer be available to us. Similarly, United Air Lines has historically participated in our *Name Your Own Price*® system at a high level, while Continental Airlines has historically participated at a much lower level. We cannot predict the effects that the acquisition of AirTran by Southwest Airlines or the merger of United Air Lines with Continental Airlines will have on our business.

In addition, in the event that one of our major suppliers voluntarily or involuntarily declares bankruptcy and is subsequently unable to successfully emerge from bankruptcy, and we are unable to replace such supplier, our business would be adversely affected. For example, in April 2008, Aloha Airlines and ATA Airlines each ceased operations and we experienced an increase in credit card chargebacks from customers with tickets on those airlines. To the extent major U.S. airlines that participate in our system declare bankruptcy or cease operations, they may be unable or unwilling to honor tickets sold for their flights. Our policy in such event is to direct customers seeking a refund or exchange to the airline, and not to provide a remedy ourselves. Because we are the merchant-of-record on sales of *Name Your Own Price*® airline tickets to our customers, however, we could experience a significant increase in demands for refunds or credit card chargebacks from customers, which could materially adversely affect our operations and financial results. In addition, because *Name Your Own Price*® customers do not choose their airlines, hotels or rental car companies, the bankruptcy of a major airline, hotel or rental car company, or even the possibility of such a bankruptcy, could discourage customers from using our *Name Your Own Price*® system to book travel.

Some travel suppliers are encouraging third-party travel intermediaries, such as us, to develop technology to bypass the traditional GDSs, such as enabling direct connections to the travel suppliers or using alternative global distribution methods. For example, in 2011, we enabled a direct connection with American Airlines. During 2011, American content was temporarily unavailable on Expedia and Orbitz due to disputes related to enabling a direct connection. We believe that this is consistent with an effort on the part of American Airlines, and the airline industry in general, to reduce distribution costs and could be indicative of the airlines in general becoming more aggressive in requiring online travel agents to implement direct connections. Development and implementation of the technology to enable additional direct connections to travel suppliers could cause us to incur additional operating expenses, increase the frequency/duration of system problems and delay other projects. In addition, any additional migration toward direct connections would reduce the compensation we receive from GDSs.

Many current agreements between major U.S. airlines and major GDSs are due to expire during or at the end of 2011. It is unclear whether and to what extent any new agreement (or extension or renewal of any existing agreement) between any major U.S. airline and any major GDS will enable GDS subscribers, such as us, equal access to the fares, inventory and content provided by such carrier through the GDS. Furthermore, it is possible that a dispute between an airline and a GDS could lead to an airline removing its fares from the GDS. Despite the fact that such a dispute may not involve us, our business could be adversely affected if we are denied access to airfares in a major GDS.

The loss of any major airline participant in our *Name Your Own Price*® system would result in reduced opacity for this service, which could result in other major airlines electing to terminate their participation in the *Name Your Own Price*® system, which would further negatively impact our business, results of operations and financial condition. In such event, if we are unable to divert sales to other suppliers, our business, results of operations and financial condition may be adversely affected.

In addition, given the concentration of the airline industry, particularly in the domestic market, our competitors could exert pressure on other airlines not to supply us with tickets. Moreover, the airlines may attempt to establish their own buyer driven commerce service or participate or invest in other similar services.

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Adverse application of state and local tax laws could have an adverse effect on our business and results of operation.

A number of jurisdictions have initiated lawsuits against on-line travel companies, including us, related to, among other things, the payment of hotel occupancy and other taxes (i.e., state and local sales tax). In addition, a number of municipalities have initiated audit proceedings, issued proposed tax assessments or started inquiries relating to the payment of hotel occupancy and other taxes. See Note 14 to the Unaudited Consolidated Financial Statements for a description of these pending cases and proceedings. Additional state and local jurisdictions are likely to assert that we are subject to, among other things, hotel occupancy and other taxes (i.e., state and local sales tax) and could seek to collect such taxes, either retroactively or prospectively, or both.

In connection with some hotel occupancy tax audits and assessments, we may be required to pay any assessed taxes, which amounts may be substantial, prior to being allowed to contest the assessments and the applicability of the ordinances in judicial proceedings. This requirement is commonly referred to as “pay to play” or “pay first.” Payment of these amounts, if any, is not an admission that we believe that we are subject to such taxes and, even if such payments are made, we intend to continue to assert our position vigorously.

Litigation is subject to uncertainty and there could be adverse developments in these pending or future cases and proceedings. For example, in October 2009, a jury in a San Antonio class action found that we and the other online travel companies that are defendants in the lawsuit “control” hotels for purposes of the local hotel occupancy tax ordinances at issue and are, therefore, subject to

the requirements of those ordinances. An unfavorable outcome or settlement of pending litigation may encourage the commencement of additional litigation, audit proceedings or other regulatory inquiries. In addition, an unfavorable outcome or settlement of these actions or proceedings could result in substantial liabilities for past and/or future bookings, including, among other things, interest, penalties, punitive damages and/or attorney fees and costs. There have been, and will continue to be, substantial ongoing costs, which may include "pay to play" payments, associated with defending our position in pending and any future cases or proceedings. An adverse outcome in one or more of these unresolved proceedings could have a material adverse effect on our business and results of operations and could be material to our earnings or cash flows in any given operating period.

To the extent that any tax authority succeeds in asserting that we have a tax collection responsibility, or we determine that we have one, with respect to future transactions, we may collect any such additional tax obligation from our customers, which would have the effect of increasing the cost of hotel room reservations to our customers and, consequently, could make our hotel service less competitive (i.e., versus the websites of other online travel companies or hotel company websites) and reduce hotel reservation transactions; alternatively, we could choose to reduce the compensation for our services on "merchant" hotel transactions. Either step could have a material adverse effect on our business and results of operations.

In many of the judicial and other proceedings initiated to date, municipalities seek not only historical taxes that are claimed to be owed on our gross profit, but also, among other things, interest, penalties, punitive damages and/or attorney fees and costs. The October 2009 jury verdict in the San Antonio litigation and the related proceedings to determine, among other things, the amount of penalties, interest and attorney' s fees that could be owed by us illustrate that any liability associated with hotel occupancy tax matters is not constrained by our liability for tax owed on our historical gross profit.

We will continue to assess the risks of the potential financial impact of additional tax exposure, and to the extent appropriate, we will reserve for those estimates of liabilities.

Fluctuations in our financial results make quarterly comparisons and financial forecasting difficult.

Our revenues and operating results have varied significantly from quarter to quarter because our business experiences seasonal fluctuations, which reflect seasonal trends for the travel services offered by our websites. Traditional leisure travel bookings in Europe and the United States are higher in the second and third calendar quarters of the year as consumers take spring and summer vacations. In the first and fourth quarters of the calendar year, demand for travel services in Europe and the United States generally declines from a seasonal perspective. A

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meaningful amount of retail gross bookings are generated early in the year, as customers plan and reserve their spring and summer vacations in the Northern Hemisphere. However, we will not recognize associated revenue until future quarters when the travel occurs. From a cost perspective, we expense the substantial majority of our advertising activities as they are incurred, which is typically in the quarter in which bookings are generated. As a result, we typically experience our highest levels of profitability in the second and third quarters of the year, which is when we experience the highest levels of booking and travel consumption for the year for our North American and European businesses. However, we experience the highest levels of booking and travel consumption for our Asia-Pacific and South American businesses in the first and fourth quarters. Therefore, if these businesses continue to grow faster than our North American and European businesses, our operating results for the first and fourth quarters of the year may become more significant over time as a percentage of full year operating results.

Our revenues and operating results may continue to vary significantly from quarter to quarter because of these factors. As a result, quarter-to-quarter comparisons of our revenues and operating results may not be meaningful. For example, over the last several years we have experienced strong growth in the number of hotel room nights booked through our hotel reservation services. However,

given the sheer size of our hotel reservation business, we believe it is highly likely that our year-over-year room night reservation growth rates will generally decelerate on a quarterly sequential basis in future periods.

Because of these fluctuations and uncertainties, our operating results may fail to meet the expectations of securities analysts and investors. If this happens, the trading price of our common stock would be adversely affected.

There can be no assurance that we can maintain our "Innovation Box Tax" benefit.

Effective January 1, 2010, the Netherlands modified its corporate income tax law related to income generated from qualifying "innovative" activities (the "Innovation Box Tax"). Earnings that qualify for the Innovation Box Tax will effectively be taxed at the rate of 5% rather than the Dutch statutory rate of 25%. Booking.com obtained a ruling from the Dutch tax authorities in February 2011 confirming that a portion of its earnings ("qualifying earnings") is eligible for Innovation Box Tax treatment. The ruling from the Dutch tax authorities is valid from January 1, 2010 through December 31, 2013 (the "Initial Period").

In order to be eligible for Innovation Box Tax treatment, Booking.com must, among other things, apply for and obtain a research and development ("R&D") certificate from a Dutch governmental agency every six months confirming that the activities that Booking.com intends to be engaged in over the subsequent six month period are "innovative." Should Booking.com fail to secure such a certificate in any such period − for example, because the governmental agency does not view Booking.com' s new or anticipated activities as "innovative" − or should this agency determine that the activities contemplated to be performed in a prior period were not performed as contemplated or did not comply with the agency' s requirements, Booking.com may lose its certificate and, as a result, the Innovation Box Tax benefit may be reduced or eliminated.

After the Initial Period, Booking.com intends to reapply for continued Innovation Box Tax treatment for future periods. There can be no assurance that Booking.com' s application will be accepted, or that the amount of qualifying earnings or applicable tax rates will not be reduced at that time. In addition, there can be no assurance that the tax law will not change in 2011 and/or future years resulting in a reduction or elimination of the tax benefit.

The loss of the Innovation Box Tax benefit in future periods would adversely impact our results of operations.

Our processing, storage, use and disclosure of personal data exposes us to risks of internal or external security breaches and could give rise to liabilities as a result of governmental regulation, conflicting legal requirements or differing views of personal privacy rights.

The security of data when engaging in electronic commerce is essential in maintaining consumer and supplier confidence in our services. Substantial or ongoing security breaches whether instigated internally or externally on our system or other Internet based systems could significantly harm our business. We currently require customers who use certain of our services to guarantee their offers with their credit card, either online or, in some

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instances, through our toll-free telephone service. It is possible that advances in computer circumvention capabilities, new discoveries or other developments, including our own acts or omissions, could result in a compromise or breach of customer transaction data.

We cannot guarantee that our existing security measures will prevent security breaches or attacks. A party (whether internal, external, an affiliate or unrelated third party) that is able to circumvent our security systems could steal customer information or transaction data, proprietary information or cause significant interruptions in our operations. For instance, from time to time, we have experienced "denial-of-service" type attacks on our system that have made portions of our websites slow or unavailable for periods of

time. In addition, several major corporations experienced well-publicized online security breaches during the first half of 2011, including among others, Sony, the data security firm RSA, Lockheed Martin, the email wholesaler Epsilon, the Fox broadcast network and Citigroup. We may need to expend significant resources to protect against security breaches or to address problems caused and liabilities incurred by breaches, and reductions in website availability and response time could cause loss of substantial business volumes during the occurrence of any such incident. These issues are likely to become more difficult as we expand the number of places where we operate and as the tools and techniques used in such attacks become more advanced. Security breaches could result in negative publicity, damage our reputation, expose us to risk of loss or litigation and possible liability and subject us to regulatory penalties and sanctions. Security breaches could also cause customers and potential customers to lose confidence in our security, which would have a negative effect on the value of our brand. Our insurance policies carry low coverage limits, and would likely not be adequate to reimburse us for losses caused by security breaches.

Companies that we have acquired, such as Booking.com, Agoda and TravelJigsaw, and that we may acquire in the future, may employ security and networking standards at levels we find unsatisfactory. The process of enhancing infrastructure to attain improved security and network standards may be time consuming and expensive and may require resources and expertise that are difficult to obtain. Such acquisitions increase the number of potential vulnerabilities, and can cause delays in detection of an attack, as well as the timelines of recovery from any given attack. Failure to raise any such standards that we find unsatisfactory could expose us to security breaches of, among other things, personal customer data and credit card information that would have an adverse impact on our business, results of operations and financial condition.

We also face risks associated with security breaches affecting third parties conducting business over the Internet. Consumers generally are concerned with security and privacy on the Internet, and any publicized security problems could inhibit the growth of the Internet and, therefore, our services as a means of conducting commercial transactions. Additionally, security breaches at third parties such as supplier or distributor systems upon which we rely could result in negative publicity, damage our reputation, expose us to risk of loss or litigation and possible liability and subject us to regulatory penalties and sanctions. Some of our business is conducted with third party marketing affiliates, which may generate travel reservations through our infrastructure or through other systems. A security breach at such a third party could be perceived by consumers as a security breach of our systems and could result in negative publicity, damage our reputation, expose us to risk of loss or litigation and possible liability and subject us to regulatory penalties and sanctions. In addition, such third parties may not comply with applicable disclosure requirements, which could expose us to liability.

In our processing of travel transactions, we receive and store a large volume of personally identifiable data. This data is increasingly subject to legislation and regulations in numerous jurisdictions around the world, including the Commission of the European Union through its Data Protection Directive and variations of that directive in the member states of the European Union. This government action is typically intended to protect the privacy of personal data that is collected, processed and transmitted in or from the governing jurisdiction. We could be adversely affected if legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, results of operations and financial condition.

In addition, in the aftermath of the terrorist attacks of September 11, 2001 in the United States, government agencies have been contemplating or developing initiatives to enhance national and aviation security, such as the Transportation Security Administration' s Computer-Assisted Passenger Prescreening System, known as CAPPS II. These initiatives may result in conflicting legal requirements with respect to data handling. As privacy and data

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protection has become a more sensitive issue, we may also become exposed to potential liabilities as a result of differing views on the privacy of travel data. Travel businesses have also been subjected to investigations, lawsuits and adverse publicity due to allegedly

improper disclosure of passenger information. These and other privacy developments that are difficult to anticipate could adversely impact our business, results of operations and financial condition.

Proposed "cookie" laws could negatively impact the way we do business.

In June 2011, the Dutch Parliament adopted a bill to amend the Dutch Telecommunications Act. One of the provisions of the bill is a new regulation on the use of "cookies." A "cookie" is a text file that is stored on a user' s web browser by a website. Cookies are common tools used by thousands of websites, such as Booking.com and priceline.com, to, among other things, store or gather information (i.e., remember logon details so a user does not have to re-enter them when revisiting a site) and enhance the user experience on a Website. Cookies are valuable tools for websites like Booking.com and priceline.com to improve and increase customer conversion on their websites.

This bill would require websites, such as Booking.com, to provide Dutch users with clear and comprehensive information about the storage and use of certain cookies and obtain prior consent from the user before placing certain cookies on a user' s web browser. Consent could be accomplished by asking a user to check a box to consent to the use of the cookies before proceeding on the website ("opt-in" consent).

The bill must be adopted by the Dutch Senate before it will become law; the Dutch Senate is currently debating the bill. The bill is intended to implement certain provisions of the European Union' s ePrivacy Directive, which requires member countries to adopt regulations governing the use of "cookies" by websites servicing customers from the European Union. If the Dutch bill is adopted by the Senate in its current form or if European Union countries adopt similarly restrictive "cookie" regulations that require "opt-in" consent before certain cookies can be placed on a user' s web browser, it might adversely affect our ability, in particular, Booking.com' s ability, to service certain customers in the manner we currently do and impair our ability to continue to improve and optimize performance on our websites. As a result, these regulations, if adopted, could have a material adverse effect on our business, results of operations and financial condition.

Our stock price is highly volatile.

The market price of our common stock is highly volatile and is likely to continue to be subject to wide fluctuations in response to factors such as the following, some of which are beyond our control:

- operating results that vary from the expectations of securities analysts and investors;
- quarterly variations in our operating results;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;
- fluctuations in currency exchange rates, particularly between the U.S. Dollar and the Euro;
- announcements of technological innovations or new services by us or our competitors;
- changes in our capital structure;
- changes in market valuations of other Internet or online service companies;
- announcements by us or our competitors of price reductions, promotions, significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- loss of a major supplier participant, such as a hotel chain or airline;
- changes in the status of our intellectual property rights;
- lack of success in the expansion of our business model geographically;
- announcements by third parties of significant claims or proceedings against us or adverse developments in pending proceedings;

- occurrences of a significant security breach;
- additions or departures of key personnel; and
- stock market price and volume fluctuations.

Sales of a substantial number of shares of our common stock could adversely affect the market price of our common stock by introducing a large number of sellers to the market. Given the volatility that exists for our shares, such sales could cause the market price of our common stock to decline significantly. In addition, fluctuations in our stock price and our price-to-earnings multiple may have made our stock attractive to momentum, hedge or day-trading investors who often shift funds into and out of stocks rapidly, exacerbating price fluctuations in either direction, particularly when viewed on a quarterly basis.

The trading prices of Internet company stocks in general, including ours, have experienced extreme price and volume fluctuations. To the extent that the public' s perception of the prospects of Internet or e-commerce companies is negative, our stock price could decline, regardless of our results. Other broad market and industry factors may decrease the market price of our common stock, regardless of our operating performance. Market fluctuations, as well as general political and economic conditions, such as a recession or interest rate or currency rate fluctuations, also may decrease the market price of our common stock. Negative market conditions could adversely affect our ability to raise additional capital.

We are defendants in securities class action litigations. In the past, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. To the extent our stock price declines or is volatile, we may in the future be the target of additional litigation. This additional litigation could result in substantial costs and divert management' s attention and resources.

Our business could be negatively affected by changes in search engine algorithms and dynamics or termination of traffic-generating arrangements.

We utilize Internet search engines and other travel demand aggregation websites, principally through the purchase of travel-related keywords, to generate traffic to our websites. Booking.com, Agoda and TravelJigsaw, in particular, rely to a significant extent upon Google to generate business and, to a much lesser extent, other search engines and other travel demand aggregation websites. Search engines such as Google frequently update and change the logic which determines the placement and display of results of a user' s search, such that the placement of links to our sites, and particularly those of Booking.com, Agoda, TravelJigsaw and their affiliates, can be negatively affected. In a similar way, a significant amount of Booking.com, Agoda and TravelJigsaw' s business is directed to our own websites through participation in pay-per-click advertising campaigns on Internet search engines whose pricing and operating dynamics can experience rapid change commercially, technically and competitively. In addition, we purchase web traffic from a number of sources, including some operated by our competitors, in the form of pay-per-click arrangements that can be terminated with little or no notice. If one or more of such arrangements is terminated, or if a major search engine, such as Google, changes its algorithms in a manner that negatively affects the search engine ranking of our brands or our third-party distribution partners or changes its pricing, operating or competitive dynamics in a negative manner, our business, results of operations and financial condition would be adversely affected.

In addition, Booking.com, Agoda and TravelJigsaw rely on various third party distribution channels (i.e., affiliates) to distribute hotel room reservations. Should one or more of such third parties cease distribution of Booking.com, Agoda and TravelJigsaw reservations, or suffer deterioration in its search engine ranking, due to changes in search engine algorithms or otherwise, our business could be negatively affected.

We rely on the performance of highly skilled personnel and, if we are unable to retain or motivate key personnel or hire, retain and motivate qualified personnel, our business would be harmed.

Our performance is largely dependent on the talents and efforts of highly skilled individuals. Our future success depends on our continuing ability to identify, hire, develop, motivate and retain highly skilled personnel for all areas of our organization. In particular, the contributions of certain key senior management in the U.S., Europe and Asia are critical to the overall management of the Company. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees, the loss of whom could harm our business.

In addition, competition for well-qualified employees in all aspects of our business, including software engineers and other technology professionals, is intense both in the U.S. and abroad. With the recent success of our international business and the increased profile of the Booking.com business and brand, competitors have increased their efforts to hire our international employees. Our continued ability to compete effectively depends on our ability to attract new employees and to retain and motivate existing employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business would be adversely affected. We do not maintain any key person life insurance policies.

Our expansion places a significant strain on our management, technical, operational and financial resources.

We have rapidly and significantly expanded our international operations and anticipate expanding further to pursue growth of our service offerings and customer base. For example, the number of our employees worldwide has grown from less than 700 in the first quarter of 2007, to approximately 4,600 as of September 30, 2011, which growth is mostly comprised of hires by or for our international operations. Such expansion increases the complexity of our business and places a significant strain on our management, operations, technical performance, financial resources and internal financial control and reporting functions.

There can be no assurance that we will be able to manage our expansion effectively. Our current and planned personnel, systems, procedures and controls may not be adequate to support and effectively manage our future operations, especially as we employ personnel in multiple geographic locations. We may not be able to hire,

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train, retain, motivate and manage required personnel, which may limit our growth, damage our reputation, negatively affect our financial performance, and harm our business.

Capacity constraints and system failures could harm our business.

We rely on certain third party computer systems and third party service providers, including the computerized central reservation systems of the airline, hotel and rental car industries to satisfy demand for airline tickets and priceline.com hotel room and rental car reservations. In particular, our priceline.com travel business is substantially dependent upon the computerized reservation systems of operators of global distribution systems for the travel industry. Any interruption in these third party services systems or deterioration in their performance could prevent us from booking airline, hotel and rental car reservations and have a material adverse effect on our business. Our agreements with some third party service providers are terminable upon short notice and often do not provide recourse for service interruptions. In the event our arrangement with any of such third parties is terminated, we may not be able to find an alternative source of systems support on a timely basis or on commercially reasonable terms and, as a result, it could have a material adverse effect on our business, results of operations and financial condition.

We depend upon Chase Paymentech to process our U.S. credit card transactions; Global Collect and others to process Agoda credit card transactions; and Wright Express to provide credit card numbers which we use as a payment mechanism for merchant hotel transactions. If any of these providers were wholly or partially compromised, our cash flows could be disrupted until such a time as a replacement process could be put in place with a different vendor. As we add complexity to our systems infrastructure by adding new suppliers and distribution, our total system availability could decline and our results could suffer.

A substantial amount of our computer hardware for operating our services is currently located at the facilities of SAVVIS in New Jersey, AT&T in New York City, Equinix Europe Ltd. in London, England, Global Switch Amsterdam B.V. in the Netherlands and certain other data centers. These systems and operations are vulnerable to damage or interruption from human error, floods, fires, power loss, telecommunication failures and similar events. They are also subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Despite any precautions we may take, the occurrence of any disruption of service due to any such misconduct, natural disaster or other unanticipated problems at the SAVVIS facility, the AT&T facility, the Equinix Europe Ltd. facility and the Global Switch Amsterdam B.V. facility, or other facilities could result in lengthy interruptions in our services. In addition, the failure by SAVVIS, Verizon, AT&T, Equinix Europe Ltd., Colt Telecom Group Limited, Verizon Business B.V., TrueServer B.V. or other communication providers to provide our required data communications capacity could result in interruptions in our service. Any system failure that causes an interruption in service or decreases the responsiveness of our services could impair our reputation, damage our brand name and have a material adverse effect on our business, results of operations and financial condition.

We do not have a completely formalized disaster recovery plan in every geographic region in which we conduct business. In the event of certain system failures, we may not be able to switch to back-up systems immediately and the time to full recovery could be prolonged. Like many online businesses, we have experienced system failures from time to time. In addition to placing increased burdens on our engineering staff, these outages create a significant amount of user questions and complaints that need to be addressed by our customer support personnel. Any unscheduled interruption in our service could result in an immediate loss of revenues that can be substantial, increase customer service cost and cause some users to switch to our competitors. If we experience frequent or persistent system failures, our reputation and brand could be permanently harmed. We have been taking steps to increase the reliability and redundancy of our systems. These steps are expensive, may reduce our margins and may not be successful in reducing the frequency or duration of unscheduled downtime.

We use both internally developed systems and third-party systems to operate our services, including transaction processing, order management and financial systems. If the number of users of our services increases substantially, or if critical third-party systems stop operating as designed, we will need to significantly expand and upgrade our technology, transaction processing systems, financial and accounting systems and other infrastructure. We do not know whether we will be able to upgrade our systems and infrastructure to accommodate such conditions in a timely manner, and, depending on the third-party systems affected, our transactional, financial and accounting systems could be impacted for a meaningful amount of time before repair.

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If our systems cannot be expanded to cope with increased demand or fails to perform, we could experience:

- unanticipated disruptions in service;
- slower response times;
- decreased customer service and customer satisfaction; or
- delays in the introduction of new services,

any of which could impair our reputation, damage our brands and materially and adversely affect our revenues. While we do maintain redundant systems and hosting services for some of our business, it is possible that we could experience an interruption in our business, and we do not carry business interruption insurance sufficient to compensate us for losses that may occur.

Companies that we have acquired, such as Booking.com, Agoda and TravelJigsaw, and that we may acquire in the future, may present known or unknown capacity/stability or other types of system challenges. The process of enhancing infrastructure to attain improved capacity/scalability and other system characteristics may be time consuming and expensive and may require resources and expertise that are difficult to obtain. Such acquisitions increase potential downtime, customer facing problems and compliance problems. Failure to successfully make any such improvements to such infrastructures could expose us to potential capacity, stability, and system problems that would have an adverse impact on our business, results of operations and financial condition.

Our financial results will likely be materially impacted by payment of cash income taxes in the future.

Until our domestic net operating loss carryforwards are utilized or expire, we do not expect to make tax payments on our U.S. income, except for U.S. federal alternative minimum tax and state income taxes. However, we expect to pay foreign taxes on our foreign income. We expect that our international operations will grow their pretax income at higher rates than our U.S. operations over the long term and, therefore, it is our expectation that our cash tax payments will increase as our international operations generate an increasing share of our pretax income.

We may have exposure to additional tax liabilities.

As an international corporation providing hotel reservation services around the world, we are subject to income taxes as well as non-income based taxes, in both the United States and various foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. Although we believe that our tax estimates are reasonable, there is no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions and accruals.

Changes in tax laws or tax rulings may have a significantly adverse impact on our effective tax rate. For example, proposals for fundamental U.S. international tax reform, such as certain proposals by President Obama' s Administration, if enacted, could have a significant adverse impact on our effective tax rate.

We are also subject to non-income based taxes, such as value-added, payroll, sales, use, net worth, property and goods and services taxes, in both the United States and various foreign jurisdictions. From time to time, we are under audit by tax authorities with respect to these non-income based taxes and may have exposure to additional non-income based tax liabilities.

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Acquisitions could result in operating difficulties.

As part of our business strategy, we acquired Booking.com Limited in September 2004, Booking.com B.V. in July 2005, Agoda in November 2007 and TravelJigsaw in May 2010. We may enter into additional business combinations and acquisitions in the future. Acquisitions may result in dilutive issuances of equity securities, use of our cash resources, incurrence of debt and amortization of expenses related to intangible assets acquired. In addition, the process of integrating an acquired company, business or technology may create unforeseen operating difficulties and expenditures. The acquisitions of Booking.com B.V., Booking.com Limited, Agoda and TravelJigsaw were accompanied by a number of risks, including, without limitation:

- the need to implement or remediate controls, procedures and policies appropriate for a larger public company at companies that prior to the acquisitions may have lacked such controls, procedures and policies;
- the difficulty of assimilating the operations and personnel of Booking.com Limited, which are principally located in Cambridge, England, Booking.com B.V., which are principally located in Amsterdam, The Netherlands, Agoda, which are

principally located in Singapore and Bangkok, Thailand, and TravelJigsaw, which are principally located in Manchester, England, with and into our operations, which are headquartered in Norwalk, Connecticut;

- the potential disruption of our ongoing business and distraction of management;
- the difficulty of incorporating acquired technology and rights into our services and unanticipated expenses related to such integration;
- the failure to further successfully develop acquired technology resulting in the impairment of amounts currently capitalized as intangible assets;
- the impairment of relationships with customers of Booking.com B.V., Booking.com Limited, Agoda and TravelJigsaw or our own customers as a result of any integration of operations;
- the impairment of relationships with employees of Booking.com B.V., Booking.com Limited, Agoda and TravelJigsaw or our own business as a result of any integration of new management personnel;
- the potential unknown liabilities associated with Booking.com B.V., Booking.com Limited, Agoda and TravelJigsaw.

We may experience similar risks in connection with any future acquisitions. We may not be successful in addressing these risks or any other problems encountered in connection with the acquisitions of Booking.com B.V., Booking.com Limited, Agoda or TravelJigsaw, or that we could encounter in future acquisitions, which would harm our business or cause us to fail to realize the anticipated benefits of our acquisitions. As of September 30, 2011, we had approximately $682 million assigned to the intangible assets and goodwill of Booking.com B.V., Booking.com Limited, Agoda and TravelJigsaw, and therefore, the occurrence of any of the risks identified above could result in a material adverse impact, including an impairment of these assets, which could cause us to have to record a charge for impairment. Any such charge could adversely impact our operating results, which would likely cause our stock price to decline significantly.

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We may not be able to keep up with rapid technological and other changes.

The markets in which we compete are characterized by rapidly changing technology, evolving industry standards, consolidation, frequent new service announcements, introductions and enhancements and changing consumer demands. We may not be able to keep up with these rapid changes. In addition, these market characteristics are heightened by the emerging nature of the Internet and the apparent need of companies from many industries to offer Internet based services. As a result, our future success will depend on our ability to adapt to rapidly changing technologies, to adapt our services to evolving industry standards and to continually improve the performance, features and reliability of our service in response to competitive service offerings and the evolving demands of the marketplace. In addition, the widespread adoption of new Internet, networking or telecommunications technologies or other technological changes could require us to incur substantial expenditures to modify or adapt our services or infrastructure.

Improved web browsing functionality and the development of thousands of useful applications is driving substantial traffic and commerce activity to mobile platforms, including smart phones such as the iPhone and Android-enabled phones, and tablet devices such as the iPad. In addition, social networking sites and social commerce and flash-sale sites are experiencing high levels of usage and rapid growth. We believe travel transactions will grow rapidly on mobile platforms and may gain acceptance on social and flash-sale platforms. If we are unable to develop product offerings and effective distribution on these platforms, we could lose market share to existing competitors or new entrants.

We rely on the value of the Booking.com, priceline.com and Agoda.com brands, along with others, and the costs of maintaining and enhancing our brand awareness are increasing.

We believe that maintaining and expanding the Booking.com, priceline.com and Agoda brands, and other owned brands, including Lowestfare.com, rentalcars.com, Breezenet.com, MyTravelGuide.com, Travelweb, hotelroom.com, TravelJigsaw and Car

Hire 3000, are important aspects of our efforts to attract and expand our user and advertiser base. As our larger competitors spend increasingly more on advertising, we are required to spend more in order to maintain our brand recognition. In addition, we have invested considerable money and resources to date on the establishment and maintenance of the Booking.com, priceline.com and Agoda brands, and we will continue to invest resources to advertising, marketing and other brand building efforts to preserve and enhance consumer awareness of our brands. We may not be able to successfully maintain or enhance consumer awareness of these brands, and, even if we are successful in our branding efforts, such efforts may not be cost-effective. If we are unable to maintain or enhance customer awareness of our brands in a cost-effective manner, our business, results of operations and financial condition would be adversely affected.

We will be subject to increased income taxes in the event that our foreign cash balances are remitted to the United States.

As of September 30, 2011, we held approximately $1.4 billion of cash and short-term investments outside of the United States. To date, we have used our foreign cash to reinvest in our foreign operations. It is our current intention to reinvest our foreign cash in our foreign operations. If our foreign cash balances continue to grow and our ability to reinvest those balances diminishes, it will become increasingly likely that we will repatriate some of our foreign cash balances to the United States. In such event, we would likely be subject to additional income tax expense in the United States with respect to our unremitted foreign earnings. Other than federal alternative minimum tax, we would not incur an increase in tax payments unless we repatriate the cash and no longer have net operating loss carryforwards available to offset the taxable income. Additionally, if we were to repatriate foreign cash to the U.S., it would use a portion of our domestic net operating loss carryforward which could result in us being subject to cash income taxes on the earnings of our domestic business sooner than would otherwise have been the case.

In addition, U.S. President Barack Obama has proposed significant changes to the U.S. international tax laws that would limit U.S. deductions for interest expense related to un-repatriated foreign-source income and modify the U.S. foreign tax credit rules. We cannot determine whether all of these proposals will be enacted into

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law or what, if any, changes may be made to such proposals prior to being enacted into law. If the U.S. tax laws change in a manner that increases our tax obligation, our results could be adversely impacted.

Regulatory and legal uncertainties could harm our business.

The services we offer are regulated by regulations (including without limitation laws, ordinances, rules and other regulations) of national and local governments and regulatory authorities around the world. Our ability to provide our services is and will continue to be affected by such regulations. The implementation of unfavorable regulations or unfavorable interpretations of existing regulations by judicial or regulatory bodies could require us to incur significant compliance costs, cause the development of the affected markets to become impractical and otherwise have a material adverse effect on our business, results of operations and financial condition.

Compliance with international and U.S. laws and regulations that apply to our international operations increases our cost of doing business in foreign jurisdictions. These laws and regulations include U.S. laws such as the Foreign Corrupt Practices Act, the UK Bribery Act and local laws which also prohibit corrupt payments to governmental officials, data privacy requirements, labor relations laws, tax laws, anti-competition regulations and consumer protection laws. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, and prohibitions on the conduct of our business. Any such violations could result in prohibitions on our ability to offer our services in one or more countries, could delay or prevent potential acquisitions, and could also materially damage our reputation, our brands, our international expansion efforts, our ability to attract and retain employees, our business and our operating results. Our success depends, in part, on our ability to anticipate these risks and manage these

difficulties. We are also subject to a variety of other risks and challenges in managing an organization operating in various countries, including those related to:

- general economic conditions in each country or region;
- fluctuations in currency exchange rates and related impacts to our operating results;
- regulatory changes;
- political unrest, terrorism and the potential for other hostilities;
- public health risks, particularly in areas in which we have significant operations;
- longer payment cycles and difficulties in collecting accounts receivable;
- additional complexity to comply with regulations in multiple tax jurisdictions, as well as overlapping tax regimes;
- our ability to repatriate funds held by our foreign subsidiaries to the United States at favorable tax rates;
- difficulties in transferring funds from or converting currencies in certain countries; and
- reduced protection for intellectual property rights in some countries.

Our business has grown substantially over the last several years and continues to expand into new geographical locations. In addition, we have made efforts and expect to make further efforts to integrate supply across our various demand platforms. These changes add to complexity in tax compliance, and our increased size and operating history may increase the likelihood that we will be subject to audits by taxing authorities in various jurisdictions. We were recently notified that the Internal Revenue Service will initiate an audit of our income taxes for the first time in the third quarter of 2011. To date, we have been audited in several taxing jurisdictions with no significant adjustments as a result. If future audits find that additional taxes are due, we may be subject to incremental tax liabilities, possibly including interest and penalties, which could have a material adverse impact on our financial conditions and results of operations.

In addition, the strategy of Booking.com, Agoda and TravelJigsaw involves rapid expansion into regions around the world, including Europe, Asia, North America, South America and elsewhere, many of which have different legislation, regulatory environments, tax laws and levels of political stability. In September 2010, the United Kingdom' s Office of Fair Trading ("OFT"), the competition authority in the U.K., announced it was conducting a formal early stage investigation into suspected breaches of competition law in the hotel online booking

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sector and had written to a number of parties in the industry to request information. Specifically, the investigation focuses upon whether there are agreements or concerted practices between hotels and online travel companies and/or hotel room reservation "wholesalers" relating to the fixed or minimum resale prices of hotel room reservations. In September 2010, Booking.com B.V. and priceline.com Incorporated, on behalf of Booking.com, received a Notice of Inquiry from the OFT; we and Booking.com are cooperating with the OFT' s investigation. We are unable at this time to predict the outcome of the OFT' s investigation and the impact, if any, on our business and results of operations. Compliance with foreign legal, regulatory or tax requirements will place demands on our time and resources, and we may nonetheless experience unforeseen and potentially adverse legal, regulatory or tax consequences.

We face risks related to our intellectual property.

We regard our intellectual property as critical to our success, and we rely on trademark, copyright and patent law, trade secret protection and confidentiality and/or license agreements with our employees, customers, partners and others to protect our proprietary rights. If we are not successful in protecting our intellectual property, it could have a material adverse effect on our business, results of operations and financial condition.

While we believe that our issued patents and pending patent applications help to protect our business, there can be no assurance that:

- a third party will not have or obtain one or more patents that can prevent us from practicing features of our business or that will require us to pay for a license to use those features;
- our operations do not or will not infringe valid, enforceable patents of third parties;
- any patent can be successfully defended against challenges by third parties;
- the pending patent applications will result in the issuance of patents;
- competitors or potential competitors will not devise new methods of competing with us that are not covered by our patents or patent applications;
- because of variations in the application of our business model to each of our services, our patents will be effective in preventing one or more third parties from utilizing a copycat business model to offer the same service in one or more categories;
- new prior art will not be discovered that may diminish the value of or invalidate an issued patent; or
- legislative or judicial action will not directly or indirectly affect the scope and validity of any of our patent rights.

There has been recent discussion in the press regarding the examination and issuance of so called "business method" patents. As a result, the United States Patent and Trademark Office has indicated that it intends to intensify the review process applicable to such patent applications. The new procedures are not expected to have a direct effect on patents already granted. We cannot anticipate what effect, if any, the new review process will have on our pending patent applications. In addition, there has been recent discussion in various federal court proceedings regarding the patentability and validity of so called "business method" patents. The U.S. Supreme Court, in a recent decision in *Bilski v. Kappos*, partially addressed the patentability of so-called business method patents. We cannot anticipate what effect, if any, any new federal court decision or new legislation will have on our issued patents or pending patent applications.

We pursue the registration of our trademarks and service marks in the U.S. and internationally. However, effective trademark, service mark, copyright and trade secret protection may not be available in every country in which our services are made available online. We have licensed in the past, and expect to license in the future,

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certain of our proprietary rights, such as trademarks or copyrighted material, to third parties. These licensees may take actions that might diminish the value of our proprietary rights or harm our reputation.

From time to time, in the ordinary course of our business, we have been subject to, and are currently subject to, legal proceedings and claims relating to the intellectual property rights of others, and we expect that third parties will continue to assert intellectual property claims, in particular patent claims, against us, particularly as we expand the complexity and scope of our business. We endeavor to defend our intellectual property rights diligently, but intellectual property litigation is extremely expensive and time consuming, and has and is likely to continue to divert managerial attention and resources from our business objectives. Successful infringement claims against us could result in significant monetary liability or prevent us from operating our business, or portions of our

business. In addition, resolution of claims may require us to obtain licenses to use intellectual property rights belonging to third parties, which may be expensive to procure, or possibly to cease using those rights altogether. Any of these events could have a material adverse effect on our business, results of operations or financial condition.

Our business is exposed to risks associated with credit card fraud and chargebacks.

Our results have been negatively impacted by purchases made using fraudulent credit cards. Because we act as the merchant-of-record in a majority of our priceline.com transactions as well as those of Agoda and TravelJigsaw, we may be held liable for accepting fraudulent credit cards on our websites as well as other payment disputes with our customers. Additionally, we are held liable for accepting fraudulent credit cards in certain retail transactions when we do not act as merchant of record. Accordingly, we calculate and record an allowance for the resulting credit card chargebacks. If we are unable to combat the use of fraudulent credit cards on our websites, our business, results of operations and financial condition could be materially adversely affected.

In addition, in the event that one of our major suppliers voluntarily or involuntarily declares bankruptcy, we could experience an increase in credit card chargebacks from customers with travel reservations with such supplier. For example, airlines that participate in our system and declare bankruptcy or cease operations may be unable or unwilling to honor tickets sold for their flights. Our policy in such event is to direct customers seeking a refund or exchange to the airline, and not to provide a remedy ourselves. Because we are the merchant-of-record on sales of *Name Your Own Price*® airline tickets to our customers, however, we could experience a significant increase in demands for refunds or credit card chargebacks from customers, which could materially adversely affect our operations and financial results. For example, in April 2008, Aloha Airlines and ATA Airlines each ceased operations and we experienced an increase in credit card chargebacks from customers with tickets on those airlines.

We are party to legal proceedings which, if adversely decided, could materially adversely affect us.

We are a party to the legal proceedings described in Note 14 to the Unaudited Consolidated Financial Statements. The defense of the actions described in Note 14 may increase our expenses and an adverse outcome in any of such actions could have a material adverse effect on our business and results of operations.

Item 3 . Quantitative and Qualitative Disclosures About Market Risk

We manage our exposure to interest rate risk and foreign currency risk through internally established policies and procedures and, when deemed appropriate, through the use of derivative financial instruments. We use foreign exchange derivative contracts to manage short-term foreign currency risk.

The objective of our policies is to mitigate potential income statement, cash flow and fair value exposures resulting from possible future adverse fluctuations in rates. We evaluate our exposure to market risk by assessing the anticipated near-term and long-term fluctuations in interest rates and foreign exchange rates. This evaluation includes the review of leading market indicators, discussions with financial analysts and investment bankers regarding current and future economic conditions and the review of market projections as to expected future rates. We utilize this information to determine our own investment strategies as well as to determine if the use of derivative financial instruments is appropriate to mitigate any potential future market exposure that we may face. Our policy does not allow speculation in derivative instruments for profit or execution of derivative instrument

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contracts for which there are no underlying exposures. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives. To the extent that changes in interest rates and currency exchange rates affect general economic conditions, the Priceline Group would also be affected by such changes.

We did not experience any material changes in interest rate exposures during the three months ended September 30, 2011. Based upon economic conditions and leading market indicators at September 30, 2011, we do not foresee a significant adverse change in interest rates in the near future.

Fixed rate investments are subject to unrealized gains and losses due to interest rate volatility. We performed a sensitivity analysis to determine the impact a change in interest rates would have on the fair value of our available for sale investments assuming an adverse change of 100 basis points. A hypothetical 100 basis points (1.0%) increase in interest rates would have resulted in a decrease in the fair values of our investments as of September 30, 2011 of approximately $8 million. These hypothetical losses would only be realized if we sold the investments prior to their maturity.

As of September 30, 2011, the outstanding principal amount of our debt is $575 million. We estimate that the market value of such debt was approximately $0.9 billion as of September 30, 2011. A substantial portion of the market value of our debt in excess of the carrying value is related to the conversion premium on the bonds.

As a result of the growth of Booking.com and Agoda, and the acquisition of TravelJigsaw, we are conducting a significant portion of our business outside the United States through subsidiaries with functional currencies other than the U.S. Dollar (primarily Euros). As a result, we face exposure to adverse movements in currency exchange rates as the financial results of our international operations are translated from local currency into U.S. Dollars upon consolidation. If the U.S. Dollar weakens against the local currency, the translation of these foreign-currency-denominated balances will result in increased net assets, gross bookings, gross profit, operating expenses, and net income. Similarly, our net assets, gross bookings, gross profit, operating expenses, and net income will decrease if the U.S. Dollar strengthens against local currency. Additionally, foreign exchange rate fluctuations on transactions denominated in currencies other than the functional currency result in gains and losses that are reflected in the Unaudited Consolidated Statement of Operations. Booking.com, Agoda and TravelJigsaw are subject to risks typical of international business, including, but not limited to, differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility.

From time to time, we enter into foreign exchange derivative contracts to minimize the impact of short-term foreign currency fluctuations on our consolidated operating results. Our derivative contracts principally address foreign exchange fluctuation risk for the Euro and the British Pound Sterling. As of December 31, 2010, these derivatives, which were not designated as hedging instruments for accounting purposes, resulted in a liability of $0.2 million. As of September 30, 2011, there were no outstanding derivative contracts. Foreign exchange gains of $3.9 million and $1.9 million for the three and nine months ended September 30, 2011, respectively, and foreign exchange losses of $6.1 million and foreign exchange gains of $2.1 million for the three and nine months ended September 30, 2010, respectively, related to these derivatives were recorded in "Foreign currency transactions and other" in the Unaudited Consolidated Statements of Operations.

As of September 30, 2011 and December 31, 2010, we had outstanding forward currency contracts designated as hedging contracts for accounting purposes with a notional value of 605 million Euros and 378 million Euros, respectively, to hedge a portion of our net investment in a foreign subsidiary. These contracts are all short-term in nature. Mark-to-market adjustments on these net investment hedges are recorded as currency translation adjustments. The fair value of these derivatives at September 30, 2011 was an asset of $45.5 million and was recorded in "Prepaid expenses and other current assets" on the Unaudited Consolidated Balance Sheet. The net fair value of these derivatives at December 31, 2010 was a net liability of $2.8 million, with assets of $4.0 million recorded in "Prepaid expenses and other current assets" and liabilities of $6.8 million recorded in "Accrued expenses and other current liabilities" in the Unaudited Consolidated Balance Sheet. A hypothetical 10% strengthening of the foreign exchange rates relative to the U.S. Dollar, with all other variables held constant, would have resulted in a derivative liability of approximately $36 million as of September 30, 2011. See Note 6 to the Unaudited Consolidated Financial Statements for further detail on our derivative instruments.

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Item 4. Controls and Procedures

Under the supervision and with the participation of the Company' s principal executive officer and its principal financial officer, the Company conducted an evaluation of its disclosure controls and procedures, as such term is defined under Exchange Act Rule 13a-15(e). Based on this evaluation, the Company' s principal executive officer and its principal financial officer concluded that the Company' s disclosure controls and procedures were effective as of the end of the period covered by this report.

There was no change in the Company' s internal control over financial reporting during the three months ended September 30, 2011 that has materially affected, or is reasonably likely to materially affect, the Company' s internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

A description of material legal proceedings to which we are a party is contained in Note 14 to our Unaudited Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for the three months ended September 30, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth information relating to repurchases of our equity securities during the three months ended September 30, 2011:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 1, 2011 - July 31, 2011	–	–	–	$ 44,866,000(1)
				$ 20,447,000(2)
				$ 393,917,000(3)
August 1, 2011 - August 31, 2011	7,312(4)	$ 503.05	–	$ 44,866,000(1)
				$ 20,447,000(2)
				$ 393,917,000(3)
September 1, 2011 - September 30, 2011	–	–	–	$ 44,866,000(1)
				$ 20,447,000(2)
				$ 393,917,000(3)
Total	7,312(4)	$ 503.05	–	$ 459,230,000

(1) Pursuant to a stock repurchase program announced on November 2, 2005, whereby the Company was authorized to repurchase up to $50,000,000 of its common stock.

(2) Pursuant to a stock repurchase program announced on September 21, 2006, whereby the Company was authorized to repurchase up to $150,000,000 of its common stock.

(3) Pursuant to a stock repurchase program announced on March 4, 2010, whereby the Company was authorized to repurchase up to $500,000,000 of its common stock.

(4) Pursuant to a general authorization, not publicly announced, whereby the Company is authorized to repurchase shares of its common stock to satisfy employee withholding tax obligations related to stock-based compensation.

Item 5. Other Information

On November 4, 2011, Booking.com entered into a Second Amended and Restated Employment Contract with Kees Koolen, who has transitioned from Chief Executive Officer to Chairman of Booking.com. The Second Amended and Restated Employment Contract, filed and an exhibit to this Quarterly Report on Form 10-Q, reflects the new responsibilities and financial arrangement in connection with Mr. Koolen' s new role as Chairman of Booking.com.

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Item 6. Exhibits

The exhibits listed below are filed as part of this Quarterly Report on Form 10-Q.

Exhibit Number	Description
10.1	Employment Contract, dated September 12, 2011, by and between Booking.com B.V. and Darren Huston.
10.2	Indemnification Agreement, dated September 12, 2011, by and between the Registrant and Darren Huston.
10.3	Credit Agreement, dated as of October 28, 2011, among the Registrant, the lenders from time to time party thereto, RBS Citizens, N.A., as Documentation Agent, Bank of America, N.A. and Wells Fargo Bank, National Association, as Co-Syndication Agents and JPMorgan Chase Bank, N.A., as Administrative Agent.
10.4	Second Amended and Restated Employment Contract, dated November 4, 2011, by and between Booking.com B.V. and Kees Koolen.
31.1	Certification of the Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101	The following materials from the Company' s Quarterly Report on Form 10-Q for the three months ended September 30, 2011 are furnished herewith, formatted in XBRL (Extensible Business Reporting Language): (i) Unaudited Consolidated Balance Sheets, (ii) Unaudited Consolidated Statements of Operations, (iii) Unaudited Consolidated Statements of Cash Flows, and (iv) Notes to Unaudited Consolidated Financial Statements.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRICELINE.COM INCORPORATED
(Registrant)

Date: November 7, 2011

By: /s/ Daniel J. Finnegan
Name: Daniel J. Finnegan
Title: Chief Financial Officer
(On behalf of the Registrant and as principal financial officer)

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Exhibit Index

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(i) Unaudited Consolidated Balance Sheets, (ii) Unaudited Consolidated Statements of Operations, (iii) Unaudited Consolidated Statements of Cash Flows, and (iv) Notes to Unaudited Consolidated Financial Statements.

Exhibit 10.1

EXECUTION VERSION

EMPLOYMENT CONTRACT

The undersigned:

BOOKING.COM B.V., a private limited liability company ('*besloten vennootschap met beperkte aansprakelijkheid*'), having its registered office at Weteringschans 28,1017 SG Amsterdam, The Netherlands (**'Booking.com'**);

and

Darren Huston (**'Employee'**);

Whereas:

- Booking.com has hired Employee to be the Chief Executive Officer of Booking.com, effective as of September 26, 2011.
- In connection with Employee' s hiring, Booking.com and Employee desire to enter into this Employment Contract (this '**Agreement**') as of September 12, 2011 (the '**Effective Date**').

Hereby agrees as follows:

1. Commencement, Term and Notice

1.1. This Agreement is entered into for an indefinite period of time, starting on September 26, 2011 (the **'Employment Term'**).

1.2. This Agreement may be terminated by either party with due observance of the statutory notice period. Notice may be given in writing only.

1.3. This Agreement will end in any event without notice being required at the end of the month in which Employee reaches the pensionable age under the applicable pension agreement or under the General Old Age Pensions Act ('*Algemene Ouderdomswet'*), whichever occurs first.

1.4. Any and all references to the Dutch Civil Code in this Agreement shall refer to the official, Dutch language version of the statute.

2. Change of Employment Terms

2.1. The provisions of this Agreement may be amended or waived only with the prior written consent of both Booking.com and Employee.

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3. Employee Manual

3.1. Employee acknowledges receipt of Booking.com' s Employee Manual and agrees that the provisions of the Employee Manual form an integral part of this Agreement. To the extent that the provisions of this Agreement are inconsistent with the provisions of the Employee Manual, the provisions of this Agreement will control and supersede those of the Employee Manual.

4. Position

4.1. Employee will hold the position of Chief Executive Officer of Booking.com and report to the Chief Executive Officer of priceline.com Incorporated (the '**priceline.com CEO**'). As Chief Executive Officer of Booking.com, Employee shall have such duties and authority, consistent with his position, to generally supervise and direct the business and affairs of Booking.com.

4.2. Employee will be appointed as a managing director of Booking.com in accordance with the terms set forth in the Articles of Association of Booking.com (the '**Articles**') and shall exercise his duties as managing director in accordance with the Articles (and the guidelines, if any, as determined by Booking.com' s general meeting of shareholders).

4.3. Employee will be a member of the Group Management Board, which is comprised of senior executives of the "Company" (as defined in Appendix A attached hereto) and oversees management of the consolidated entities of priceline.com Incorporated.

4.4. Subject to Employee' s prior consent (which shall not be unreasonably delayed, conditioned or withheld), Employee may be assigned to work for an affiliate of Booking.com, and in such instance, Employee covenants that he, to the extent reasonable, will also perform duties other than those considered to be Employee' s usual duties.

5. Signing Bonus

5.1. Within 30 days of the Effective Date, Booking.com shall pay Employee a signing bonus in an amount equal to US$250,000 (the '**Signing Bonus**'); provided, however, that if the Employment Term ends prior to the first anniversary of the Effective Date (a) due to the termination of Employee' s employment with Booking.com by Employee for any reason other than a termination by Employee for "Good Reason" (as defined in Appendix A attached hereto), Employee shall reimburse Booking.com for the entire Signing Bonus, or (b) due to the termination of Employee' s employment with Booking.com by Booking.com for "Cause" (as defined in Appendix A attached hereto), Employee shall reimburse Booking.com for a pro-rata portion of the Signing Bonus, which shall be equal to the product of (i) the Signing Bonus, multiplied by (ii) a fraction, the numerator of which is the number of whole months from the date of termination until the first anniversary of the Effective Date, and the denominator of which is twelve (12). Any reimbursement under this Article 5 shall be made within 30 days of the date of Employee' s termination and, if made, shall be the net after-tax equivalent of the total sum of the Signing Bonus repaid pursuant to clause (a) in the

preceding sentence (or the net after-tax equivalent of the pro-rata portion of the Signing Bonus repaid pursuant to clause (b) in the preceding sentence, if applicable); provided, however, that if the Company, under applicable tax laws, is unable to recoup the associated and remitted tax withholdings from the relevant tax authority with respect to the Signing Bonus and Employee is able to recoup such withholdings, then any reimbursement shall be the gross amount of the Signing Bonus (or the pro-rata portion of the gross amount of the Signing Bonus, if applicable).

6. Working Hours and Work Place

6.1. The usual work week runs for 5 days, and Employee is expected to work at least 40 hours per week.

6.2. Employee covenants that, at Booking.com' s request, Employee will work overtime whenever a proper performance of Employee so requires. Overtime is not paid or otherwise compensated for.

7. Compensation

7.1. During the Employment Term, Employee will receive a gross monthly base salary of EUR 30,000 (the '**Base Salary**'), which shall be payable in equal installments in accordance with the usual payroll practices of Booking.com. The Base Salary includes the statutory holiday allowance. Employee' s Base Salary shall be subject to annual review by the the Board of Directors of priceline.com Incorporated (the '**Board**') or the Compensation Committee of the Board (the '**Compensation Committee**') during the Employment Term and may be increased from time to time by the Board or the Compensation Committee, but not decreased, unless the Board or Compensation Committee reduces the base salary in a proportionate amount for all senior executives of the Company at a level commensurate with Employee' s position.

7.2. During the Employment Term, Employee will be eligible to participate in any annual bonus plans that the Company may implement at any time during the Employment Term for senior executives of the Company at a level commensurate with his position. The grant of a bonus in any given year or during several years shall not create a precedent for any subsequent years. For purposes of this Agreement, a bonus in respect of services performed in a fiscal year will not be considered to be earned (a) until after the Board or a committee established thereunder has reviewed the Company' s performance and Employee' s performance in respect of such year (with such performance standards to be established after taking into consideration any reasonable suggestions provided by Employee) and has determined the amount of the bonus, if any, to be payable to Employee in respect of such year' s performance and (b) unless Employee remains employed with Booking.com through the relevant payment date of such bonus. Furthermore, notwithstanding any provision herein to the contrary, any bonus that is considered earned pursuant to the immediately preceding sentence shall be paid to Employee at the same time as any similar bonus is paid to other senior executives of the Company at a level commensurate with Employee' s position.

7.3. Subject to Article 7.2, for the 2011 fiscal year, Employee will be eligible to receive a bonus pursuant to the terms of priceline.com Incorporated' s 2011 annual bonus plan in an amount equal to EUR 200,000.

7.4. Subject to Article 7.2, for the 2012 fiscal year, Employee' s "target" bonus percentage under priceline.com Incorporated' s annual bonus plan for such year shall be 200% of Employee' s Base Salary (on an annualized basis) and, for each fiscal year thereafter, Employee' s "target" bonus percentage under priceline.com Incorporated' s annual bonus plan for such year shall be reviewed by the Compensation Committee and shall not be decreased unless the Board or Compensation Committee reduces the "target" bonus percentage in a proportionate amount for all senior executives of the Company at a level commensurate with Employee' s position.

7.5. During the Employment Term, Employee will be eligible to participate in any long-term incentive compensation plan generally made available to senior executives of the Company at a level commensurate with his position in accordance with and subject to the terms of such plan.

7.6. Priceline.com Incorporated shall grant to Employee (a) on November 14, 2011, a number of stock-settled restricted stock units ('**RSUs**') with a value equal to US$3 million as of the grant date, pursuant to priceline.com Incorporated' s 1999 Omnibus Plan, as amended (the '**1999 Plan**') and an RSU agreement, in substantially the form attached hereto as Exhibit A, and (b) on a date selected by the Compensation Committee in March 2012 (which, as of the date hereof, is anticipated to be March 1, 2012) and subject to the approval of the Compensation Committee (which priceline.com Incorporated shall make good faith efforts to cause to occur on or prior to the Effective Date), a number of performance stock units ('**PSUs**') with a value equal to US$3 million, pursuant to the 1999 Plan and a PSU agreement, in substantially the form provided to other senior executives of the Company at a level commensurate with Employee' s position ('**the 2012 PSU Grant**').

7.7. During the Employment Term, Employee shall be entitled to participate in the Aetna Global Benefits group insurance plan for full-time employees of the Company who reside outside of the United States (or any successor plan adopted by the Company for such employees).

7.8. During the Employment Term, Employee shall be entitled to participate in all fringe benefit and perquisite programs generally provided to comparable senior executives of Booking.com who are located in Amsterdam, The Netherlands.

7.9. During the Employment Term, Booking.com will pay for tax preparation assistance and tax planning advice for Employee, which shall be provided by KPMG or a different tax advisor as chosen by the Company.

8. Expenses

8.1. Subject to Article 21.1, Booking.com will reimburse Employee' s reasonable expenses directly related to the performance of Employee' s work, provided such reimbursement may be made tax and

social security premium free and provided itemized expense statements and original receipts are submitted in accordance with company policy.

8.2. Subject to Article 21.1, Booking.com shall reimburse Employee for all reasonable and customary relocation expenses incurred by Employee in connection with Employee' s relocation to Amsterdam, The Netherlands from Seattle, Washington, USA, provided that itemized expense statements and original receipts are submitted in accordance with company policy. For purposes of this Agreement, "reasonable and customary relocation expenses" shall be defined as follows:

(a) temporary accommodation in Amsterdam through February 2012;

(b) immigration assistance;

(c) assistance securing a "30% tax ruling" from the Dutch government;

(d) moving services to Amsterdam;

(e) closing costs associated with the sale of Employee' s home in Seattle;

(f) assistance with home and school searches in Amsterdam;

(g) school tuition in The Netherlands for the spring semester of the 2011-2012 academic year for each of Employee' s children; and

(h) during the Employment Term, Dutch language training for each member of Employee' s immediate family, with an aggregate cost not to exceed EUR 30,000 in any year.

8.3. Subject to Article 21.1, Booking.com shall reimburse in 2011 Employee' s attorney and accountants' fees incurred in 2011 that are directly related to the negotiation and preparation of this Agreement; provided, however, that the aggregate amount of such reimbursements shall not exceed EUR 75,000.

8.4. For each academic year that occurs during the Employment Term, starting with the 2012-2013 academic year, Booking.com shall provide Employee with a cash payment in an amount equal to the amount, if any, by which (a) the aggregate cost of school tuition in The Netherlands for Employee' s children for the applicable academic year exceeds (b) US$35,000. Such cash payment shall be made in a lump sum in Euros in June of each calendar year, commencing in 2013, provided that Employee provides evidence of payment of such school tuition for the applicable academic year to Booking.com.

9. Travel Expenses

9.1. Subject to Article 21.1, travel expenses for commuting will be reimbursed in accordance with applicable tax rules up to an amount of EUR 0.19 per kilometer (the applicable rate in 2011) along the most customary route.

9.2. Booking.com is entitled to unilaterally change the allowance under Article 9.1 of this Agreement in the event of an adjustment thereof under applicable tax law.

9.3. Subject to Article 21.1, for each calendar year during the Employment Term, Booking.com agrees to reimburse Employee for the cost of one (1) business class airplane ticket for round-trip travel from The Netherlands to a destination in North America for each member of Employee' s immediate family.

10. Holidays

10.1. During the Employment Term, Employee will be entitled to 26 days of holiday (not including public holidays) each calendar year. If Employee works for only a part of the year, the number of days of holiday will be reduced pro rata.

10.2. Holidays are set by Booking.com after consultation with Employee.

10.3. To the extent practicable, holidays must be taken in the year in which they are accrued.

11. Illness or Other Incapacity to Work

11.1. If Employee is unable to perform work due to illness or any other medical incapacity, Employee is obliged to inform Booking.com as soon as practicable on the first day of illness or incapacity, stating the reasons for such illness or incapacity, the expected period of such illness or incapacity, and the address at which Employee may be reached during that period. As soon as work can be resumed, Employee will inform Booking.com thereof immediately.

11.2. As long as this Agreement is still in effect, if Employee is unable to perform work due to illness or other medical incapacity, Employee will remain entitled to continued payment of (a) 100% of Employee' s Base Salary, but in no case less than the statutory minimum wage, for the first six (6) months of illness or incapacity, commencing on the first day of illness or incapacity, (b) 85% of Employee' s Base Salary, but in no case less than the statutory minimum wage, for the second six (6) months of illness or incapacity, commencing on the first day of the seventh month of illness or incapacity, and (c) 70% of Employee' s Base Salary, but in no case less than the statutory minimum wage, for the second year of illness or incapacity, commencing on the first anniversary of the first year of illness or incapacity.

11.3. Periods in which Employee is unable to perform work due to illness or other medical incapacity will be aggregated if they follow one another at intervals of less than four weeks.

11.4. Employee is not entitled to continued payment under the circumstances set out in Article 7:629 of the Dutch Civil Code.

11.5. Employee' s salary during illness or other medical incapacity will be reduced by financial benefits that Employee receives under any contractual insurance paid by Booking.com, statutory insurance and any other income earned by Employee for services performed by Employee for Booking.com.

11.6. If Employee' s illness or other incapacity to work ensues from an event for which a third party is liable, Employee shall provide Booking.com with all relevant information and do everything in

Employee' s power to enable Booking.com to exercise its right of recourse pursuant to Article 6:107a of the Dutch Civil Code.

12. Payments Upon Termination

12.1. If the Employment Term ends due to Employee' s death and if a bonus plan is in place at such time, Employee' s heirs are entitled to receive the product of (a) the target annual bonus for the fiscal year in which Employee dies, multiplied by (b) a fraction, the numerator of which is the number of days that Employee worked during the fiscal year in which Employee died, and the denominator of which is 365. Such bonus shall be paid when such bonuses are paid to other executives of Booking.com. In addition, if the Employment Term ends due to Employee' s death, Booking.com shall provide for (i) the continuation of Employees' s health benefits for Employees' s dependents at the same level and cost as if Employee were an employee of Booking.com for a period of twelve (12) months following the date of Employee' s death, provided that if Booking.com' s obligation to provide such coverage at the same level and cost would cause Booking.com to incur a tax or other penalty under applicable law (including, without limitation, Section 2716 of the United States Public Health Service Act), Booking.com shall instead, to the extent permitted by law, provide Employee' s dependents with taxable monthly payments in an amount such that the after-tax value of each payment is equal to the amount of such monthly premium that Employee' s dependents would be required to pay to continue such group health coverage for the period specified in this sentence, regardless of whether such coverage is available to Employee, and (ii) the cost of reasonable relocation expenses of Employee' s immediate family to North America, which shall not exceed EUR 200,000.

12.2. Subject to Articles 12.4 and 12.5, if the Employment Term ends due to the termination of Employee' s employment with Booking.com as a result of a termination by Booking.com without "Cause" (as defined in Appendix A attached hereto) or as a result of a termination by Employee for "Good Reason" (as defined in Appendix A attached hereto), Employee shall be entitled to receive (a) in equal monthly installments over a period of twelve (12) months after his termination, an amount equal to two (2) times the sum of Employee' s Base Salary and target bonus, if any, for the year in which such termination occurs (provided, however, in the event that the Base Salary or target bonus, if any, has been decreased in the twelve months prior to the termination, the amount to be used shall be the highest Base Salary and target bonus, if any, during such 12-month period); (b) continuation of group health, life and disability insurance benefits as if Employee were an employee of Booking.com, until the earlier of (i) eighteen (18) months following such termination of employment or (ii) Employee' s eligibility for any such coverage under another employer' s or any other medical plan, provided that if Booking.com' s obligation to provide such coverage at the same level and cost would cause Booking.com to incur a tax or other penalty under applicable law (including, without limitation, Section 2716 of the United States Public Health Service Act),

Booking.com shall instead, to the extent permitted by law, provide Employee with taxable monthly payments in an amount such that the after-tax value of each payment is equal to the amount of such monthly premium that Employee would be required to pay to continue such group health coverage for the period specified in this clause (b), regardless of whether such coverage is available

to Employee; (c) the cost of reasonable relocation expenses to North America, which shall not exceed EUR 200,000; (d) with respect to the 2012 PSU Grant only, accelerated vesting with respect to a number of shares that will be equal to the product of (i) the number of shares designated as the "Target Amount" in the 2012 PSU Grant agreement, multiplied by (ii) a fraction, the numerator of which is the number of days in the relevant performance period that Employee was employed with Booking.com, and the denominator of which is the number of days in the relevant performance period, but only to the extent that the application of this clause (d) would result in more shares being vested than would otherwise be vested under the terms of the PSU Agreement for the 2012 PSU Grant; and (e) if a bonus plan is in place, Employee will be entitled to receive the product of (i) the target annual bonus for the fiscal year in which Employee is terminated, multiplied by (ii) a fraction, the numerator of which is the number of days that Employee worked during the fiscal year in which Employee is terminated, and the denominator of which is 365. Such bonus shall be paid when such bonuses are paid to other executives of Booking.com.

12.3. If the Agreement is rescinded pursuant to Article 7:685 of the Dutch Civil Code and the court awards compensation to Employee, or if a court awards any compensation as a result of proceedings on the basis of Article 7:681 of the Dutch Civil Code, the amount of such award shall be deducted from the amount of compensation to which Employee would be entitled pursuant to Article 12.1 or Article 12.2 of this Agreement, whichever is applicable, in the event of Employee' s termination of employment as a result of his death, a termination without "Cause" or a termination for "Good Reason."

12.4. For purposes of this Agreement, a termination by Employee for "Good Reason" means a termination by Employee by written notice given to Booking.com within ninety (90) days after the occurrence of the Good Reason event, unless such circumstances are fully corrected by Booking.com prior to the date of termination specified in the "Notice of Termination for Good Reason." A "Notice of Termination for Good Reason" shall mean a notice that indicates the specific termination provision in the definition of "Good Reason" set forth on Appendix A relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for a termination for "Good Reason." The failure by Employee to set forth in the Notice of Termination for Good Reason any facts or circumstances which contribute to the showing of "Good Reason" shall not waive any right of Employee hereunder or preclude Employee from asserting such fact or circumstance in enforcing his rights hereunder. The Notice of Termination for Good Reason shall provide for a date of termination not less than thirty (30) nor more than sixty (60) days after the date such Notice of Termination for Good Reason is given.

12.5. Notwithstanding anything in this Agreement to the contrary, if Employee is a "specified employee" (within the meaning of Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the '**Code**')) and any payment made pursuant to this Agreement is considered to be a "deferral of compensation" (as such phrase is defined for purposes of Section 409A of the Code) that is payable upon Employee' s "separation from service" (within the meaning of Section 409A of the Code), then the payment date for those payments that would have otherwise been made in the first six months following Employee' s "separation from service" shall be the date that is the first day of the seventh month after the date of Employee' s "separation from service" with Booking.com (determined in accordance with Section 409A of the Code) or upon Employee' s death, if earlier. In addition, if the event triggering Employee' s right to benefits or payments hereunder is Employee' s termination of employment, but such termination of employment does not constitute a "separation from service" with Booking.com within the meaning of Section 409A of the Code, then the benefits or payments hereunder payable by reason of such termination of employment that are considered to be a "deferral of compensation" under Section 409A of the Code shall not be paid upon such termination of employment, but instead, shall remain an obligation of Booking.com to Employee and shall be paid or provided to Employee upon the first to occur of the following events: (a) Employee' s "separation from service" (within the meaning of Section 409A of the Code); or (b) Employee' s death.

13. Tax/Social Security Liability for Benefits

13.1. If one or more of the above benefits is subject to the levy of income tax and/or social security premiums under the Dutch Income Tax Act ('*Wet op de Loonbelasting'*) and/or the social security laws, the relevant tax and social security premiums shall be borne by Employee.

13.2. Booking.com shall assist Employee in securing a "30% tax ruling" in accordance with the existing rules and regulations governing such rulings. Further, the parties agree as follows with respect to such ruling:

(a) If and insofar as Employee is eligible for a tax-free allowance for extraterritorial expenses by virtue of Chapter 4A of the Wage Tax Implementation Decree 1965 (the '30% tax ruling'), it is agreed that the salary for present employment with the employer will be reduced under employment law provisions in such a manner that 100/70 of the agreed salary for present employment equals the salary for present employment agreed originally.

(b) If and insofar as clause (a) is applicable, Booking.com pays Employee a tax-free allowance for extraterritorial expenses, which equals 30/70 of the salary from current employment thus agreed.

(c) Employee is aware of the fact that, in view of the relevant rules and regulations in force, amendment of the agreed salary under clause (a) may affect salary-related payments and benefits, such as pension payments and social security benefits.

(d) The 30% ruling may apply for a maximum of 10 years (in total).

13.3. Notwithstanding any provision of this Agreement to the contrary, if the Employment Term ends due to the termination of Employee' s employment with Booking.com and any payment or benefit to be paid or provided hereunder would be a "Parachute Payment," within the meaning of Section 280G of the Code, but for the application of this sentence, then the payments and benefits to be paid or provided hereunder shall be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes a Parachute Payment; provided, however, that the foregoing reduction shall be made only if and to the extent that such reduction would result in an increase in the aggregate payments and benefits to be provided to Employee, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Section 4999 of the Code, or any successor provision thereto, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income taxes). Any determinations required to be made under this Article 13.3 shall be made by Booking.com' s independent accountants, which shall provide detailed supporting calculations both to Booking.com and Employeee within 15 business days of the date of termination or such earlier time as is requested by Booking.com, and shall be made at the expense of Booking.com. The fact that Employee' s right to payments or benefits may be reduced by reason of the limitations contained in this Article 13.3 shall not of itself limit or otherwise affect any other rights of Employee under this Agreement. In the event that any payment or benefit intended to be provided hereunder is required to be reduced pursuant to this Article 13.3 and no such payment or benefit qualifies as a "deferral of compensation" within the meaning of and subject to Section 409A of the Code ('**Nonqualified Deferred Compensation**'), Employee shall be entitled to designate the payments and/or benefits to be so reduced in order to give effect to this Article 13.3. Booking.com shall provide Employee with all information reasonably requested by Employee to permit Employee to make such designation. In the event that any payment or benefit intended to be provided hereunder is required to be reduced pursuant to this Article 13.3 and any such payment or benefit constitutes Nonqualified Deferred Compensation or Employee fails to elect an order in which payments or benefits will be reduced pursuant to this Article 13.3, then the reduction shall occur in the following order: (a) reduction of the reimbursement payments described in Article 12.2(c), (b) reduction of any benefits described in 12.2(b), (c) reduction of cash payments described in Article 12.2(a) (with such reduction being applied to the payments in the reverse order in which they would otherwise be made, that is, later payments shall be reduced before earlier payments); and (d) cancellation of acceleration

of vesting of the 2012 PSU Grant as described in Article 12.2(d). Within any category of payments and benefits (that is, (a), (b), (c) or (d)), a reduction shall occur first with respect to amounts that are not

Nonqualified Deferred Compensation within the meaning of Section 409A of the Code and then with respect to amounts that are. In the event that acceleration of vesting of equity awards is to be cancelled, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of such equity awards, that is, later equity awards shall be canceled before earlier equity awards.

13.4. If, at any time, Employee shall, as a result of foreign tax requirements, have an aggregate income (or wage) tax liability with respect to any payments made under this Agreement that is greater than the income tax liability that Employee would have otherwise had if he were only subject to income tax in the United States for such period, Booking.com will make additional cash payments to Employee so that on an after-tax basis, Employee is made whole for such additional tax liability (the '**Tax Equalization Payment**'). The Tax Equalization Payment shall be made within thirty (30) days following the filing of Employee' s tax return for the applicable tax year.

14. Confidentiality

14.1. Neither during the Employment Term nor upon termination thereof, may Employee inform any third party in any form, directly or indirectly, of any particulars concerning or related to the business conducted by Booking.com or its affiliated companies that have not otherwise become public knowledge (other than by acts of Employee or his representative in violation of this Agreement), regardless of whether such information includes any reference to its confidential nature or ownership and regardless of how Employee learned of the particulars.

14.2. Notwithstanding the provisions of Article 7:650(3), (4) and (5) of the Dutch Civil Code, if Employee violates Article 14.1, Employee will forfeit to Booking.com an immediately due and payable penalty of EUR 30,000 for each violation, as well as a penalty of EUR 5,000 for each day the violation continues, without prejudice to Booking.com' s right to claim full compensation instead of such penalties.

15. Non Competition

15.1. During the Employment Term and for a period of twelve (12) months after termination, Employee may not, without Booking.com' s prior written consent:

(a) engage in any activities that in any way, directly or indirectly, compete with Booking.com or its affiliates (including priceline.com Incorporated) anywhere in the world, including, without limitation, the research into, development or provision of any online or call centre accommodation booking or reservation services, nor establish, conduct (alone or with others) or cause the conduct of any competing business, which shall include, but not be limited to, (i) Expedia and any of its subsidiaries, including Hotels.com, Hotwire, and Venere; (ii) Sabre Group and any of its subsidiaries, including Travelocity; (iii) Lastminute.com plc; (iv) Travelport, including, without limitation, Orbitz, CheapTickets, Lodging.com, the Neat Group and Galileo; (v) the online travel aggregators Kayak and Trivago; (vi) C-trip; (vii)

Wotif; (viii) HRS, and (ix) the online travel search businesses of MSN, Google and Yahoo!, nor take any interest in or be employed in any way whatsoever by such business, whether or not for consideration; provided, however, that it shall not be considered a breach of this Article 15.1 if Employee seeks or accepts employment as a senior executive with a Fortune

500 company whose online travel search business accounts for less than 10% of its annual gross revenue (such as MSN, Google, and Yahoo!) and such position does not involve the direct management of such search business.

(b) directly or indirectly induce employees of Booking.com or its affiliates (including priceline.com Incorporated) to terminate their employment with Booking.com or its affiliates; or

(c) directly or indirectly, solicit, assist in soliciting, accept or facilitate the acceptance of the custom or business of firms that, or individuals who, were clients or customers of, or had other business relations with, Booking.com or its affiliates (including priceline.com Incorporated) in a manner that competes with the business of the Company and where such firm or individual is one with whom Employee had material dealings at the time of termination, or at any time during the 2 year period preceding termination, even if such solicitation or contact is initiated by such clients, customers or other business relations;

15.2. During the Employment Term and for an indefinite period after termination, Employee may not, without Booking.com' s prior written consent:

(a) in relation to any contract or arrangement which Booking.com or its affiliates (including priceline.com Incorporated) have with any supplier for the supply of goods and services, for the duration of such contract or arrangement, directly or indirectly, interfere with the supply of such goods or services from any supplier, nor, directly or indirectly, induce any supplier to cease or decline to supply such goods or services to Booking.com; or

(b) make any statements, written or oral, which disparage or defame the goodwill or reputation of Booking.com or its affiliates (including priceline.com Incorporated) or any of their directors or senior officers, in public or in a manner that is intended to become public.

15.3. During the Employment Term and for an indefinite period after termination, Booking.com agrees that it shall use commercially reasonable efforts to cause the individual managing directors of Booking.com' s board to not make any statements, written or oral, which disparage or defame the reputation of Employee in public or in a manner that is intended to become public.

15.4. Notwithstanding the provisions of Article 7:650(3), (4) and (5) of the Dutch Civil Code, if Employee violates Article 15.1 or Article 15.2(a) of this Agreement, Employee will forfeit to Booking.com an immediately due and payable penalty of EUR 30,000 for each violation, as well as a penalty of EUR 5,000 for each day the violation continues, without prejudice to Booking.com' s right to claim full compensation instead of such penalties.

15.5. Upon each breach of Article 15.1 of this Agreement, the period referred to therein will be extended by the duration of such breach.

16. Sidelines

16.1. During the Employment Term, without the prior written consent of the priceline.com CEO, Employee will not perform any other work whether paid or unpaid, nor will Employee, alone or with others, directly or indirectly, establish or conduct a business that is competitive with Booking.com' s business, whatever its form, or take any financial interest in or perform work for such business, whether or not for consideration.

16.2. During the Employment Term, Employee must refrain from undertaking or holding any sidelines or additional posts, such as committee work, managerial or other activities for organizations of an idealistic, cultural, sporting, political or other nature,

whether or not for consideration, without Booking.com' s prior written consent. Notwithstanding the foregoing, Employee may serve as a member of the board of directors of DeVry, Inc.

17. Return of Property

17.1. Upon the end of the Employment Term, Employee shall immediately return to Booking.com all property belonging to Booking.com, including materials, documents and information copied in any form whatsoever.

18. Intellectual and Industrial Property Rights

18.1. All intellectual property rights, including, but not limited to, patent rights, design rights, copyrights and neighbouring rights, database rights, trademark rights, chip rights, trade name rights and know how, ensuing, during or after this employment contract, in The Netherlands or abroad, from the work performed by Employee under this Agreement (collectively: '**Intellectual Property Rights**') will exclusively vest in Booking.com.

18.2. Insofar as any Intellectual Property Rights are not vested in Booking.com by operation of law, Employee covenants that Employee, at first request of Booking.com, will transfer to Booking.com and, insofar as possible, hereby transfers those rights to Booking.com, which transfer is hereby accepted by Booking.com.

18.3. Insofar as any Intellectual Property Rights are not capable of being transferred from Employee to Booking.com, Employee hereby grants Booking.com the exclusive, royalty free, worldwide, perpetual right, with the right to grant sublicenses, to use the Intellectual Property Rights in the broadest way, which right is hereby accepted by Booking.com.

18.4. Insofar as any personal rights vest in Employee, and insofar as permitted by law, Employee hereby waives all of Employee' s personal rights, including, without limitation, the right to have one' s name stated pursuant to the Dutch Copyright Act 1912 ('*Auteurswet 1912*').

18.5. Employee shall promptly disclose all works, inventions, information, Intellectual Property Rights and other results from the work performed by Employee under this Agreement to Booking.com.

18.6. Employee shall upon Booking.com' s request, during or after the Employment Term, perform all acts that may be necessary in order to record the Intellectual Property Rights in the name of Booking.com with any competent authority in the world. Reasonable costs thereof will be borne by Booking.com.

18.7. In case Employee, for any reason, is unable to provide the cooperation in accordance with Articles 18.2 and 18.6 of this Agreement, Employee hereby grants Booking.com irrevocable power of attorney to represent Employee with respect to the assignment and registration of Intellectual Property Rights referred to in Articles 18.2 and 18.6 of this Agreement.

18.8. Employee acknowledges that Employee' s salary includes reasonable compensation for the loss of intellectual and industrial property rights, as provided above in this Article 18.

19. Applicable Law

19.1. This Agreement and its Appendix A shall be governed by the laws of The Netherlands.

20. Complete Agreement

20.1. This Agreement embodies the complete agreement and understanding between the parties with respect to the subject matter hereof and effective as of its date supersedes and preempts any prior understandings, agreements or representations by or between the parties, written or oral, including the Offer Letter, dated August 10, 2011, from priceline.com Incorporated to Employee, which may have related to the subject matter hereof in any way.

20.2. Employee hereby confirms that, as of the date hereof, he is not subject to a non-competition, non-solicitation and/or any other agreement with any previous employer that would prohibit, restrict or otherwise limit in any way whatsoever Employee' s ability to be employed by the Company and/or to perform any activities for the Company (an '**Impermissible Restrictive Covenant**'). If Booking.com discovers after the date hereof that Employee is subject to an Impermissible Restrictive Covenant, the Company reserves the right to terminate Employee' s employment with Booking.com for "cause" as defined in article 7:678 of the Dutch Civil Code, effective immediately.

21. Section 409A of the U.S. Internal Revenue Code

21.1. Notwithstanding the foregoing, if any reimbursements or in-kind benefits provided by Booking.com under this Agreement would constitute deferred compensation for purposes of Section 409A of the Code, such reimbursements or in-kind benefits shall be subject to the following rules: (a) the amounts to be reimbursed, or the in-kind benefits to be provided, shall be determined pursuant to the terms of the applicable benefit plan, policy or agreement and shall be limited to Employee' s lifetime and the lifetime of Employee' s eligible dependents; (b) the amounts eligible for

reimbursement, or the in-kind benefits provided, during any calendar year may not affect the expenses eligible for reimbursement, or the in-kind benefits provided, in any other calendar year; (c) any reimbursement of an eligible expense shall be made on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (d) Employee' s right to an in-kind benefit or reimbursement is not subject to liquidation or exchange for cash or another benefit.

21.2. Each payment under this Agreement shall be considered a separate payment and not one of a series of payments for purposes of Section 409A of the Code. To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code so that the income inclusion provisions of Section 409A(a)(1) do not apply to Employee. This Agreement shall be administered in a manner consistent with this intent. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any regulations, or any other formal guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. Notwithstanding any other provision of this Agreement to the contrary, Booking.com is not obligated to guarantee any particular tax result for Employee with respect to any payment provided hereunder.

Drawn up in duplicate originals and signed in The Netherlands on September 12, 2011.

/s/ Rutger Prakke	/s/ Darren Huston
Booking.com B.V.	Darren Huston

APPENDIX A

For purposes of this Agreement, the following terms have the following meanings where they appear in the Agreement:

"**Cause**" shall mean, in addition to those items enumerated in article 7:678 of the Dutch Civil Code, (a) willful misconduct by Employee with regard to Booking.com which has a material adverse effect on Booking.com, which is not cured within ten (10) days after written notice thereof to Employee; (b) the willful refusal of Employee to attempt to follow the proper written direction of the Board or a more senior officer of the Company, which is not cured within ten (10) days after written notice thereof to Employee, provided that the foregoing refusal shall not be "Cause" if Employee in good faith believes that such direction is illegal, unethical or immoral and promptly so notifies the Board or the more senior officer (whichever is applicable); (c) substantial and continuing willful refusal by Employee to attempt to perform the duties required of him hereunder (other than any such failure resulting from incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to Employee by the Board or a more senior officer of the Company which specifically identifies the manner in which it is believed that Employee has substantially and continually refused to attempt to perform his duties hereunder, which is not cured within ten (10) days after written notice thereof to Employee; or (d) Employee being convicted of a felony (other than a felony involving a traffic violation or as a result of vicarious liability). For purposes of this definition, no act, or failure to act, on Employee' s part shall be considered "willful" unless done, or omitted to be done, by Employee in bad faith and without reasonable belief that his action or omission was in the best interest of Booking.com.

"**Company**" shall mean priceline.com Incorporated, any of its subsidiaries or affiliates, including Booking.com.

"**Good Reason**" shall mean, in addition to those items enumerated in article 7:679 of the Dutch Civil Code as "cause" for Employee, (a) a material diminution in Employee' s authority, duties or responsibilities, (b) relocation of Booking.com' s office in The Netherlands to a location more than thirty-five (35) miles further from Employee' s residence at the time of relocation, (c) any material breach by Booking.com of the Agreement or any other employment agreement in effect at any time between Booking.com and Employee, (d) a failure by Booking.com to continue Employee as a participant in any bonus plan, program or arrangement in which Employee is entitled to participate during the Employment Term, or (e) a failure of any successor to Booking.com (whether direct or indirect and whether by merger, acquisition, consolidation or otherwise) to assume in a writing delivered to Employee upon the assignee becoming such, the obligations of Booking.com hereunder.

Exhibit A

Form of RSU Agreement

priceline.com Incorporated 1999 Omnibus Plan

RESTRICTED STOCK UNIT AGREEMENT – NON-U.S. PARTICIPANTS

THIS RESTRICTED STOCK UNIT AGREEMENT (this "Agreement") is made by and between priceline.com Incorporated, a Delaware corporation, with its principal United States office at 800 Connecticut Avenue, Norwalk, Connecticut 06854 (the "Company"), and the Participant, as of the Grant Date, which is set forth in the grant header to this Agreement on the website of the Company' s third-party equity plan administrator (to be referred to herein as the "Grant Header"). Pursuant to the terms of the priceline.com Incorporated 1999 Omnibus Plan, as amended (the "Plan"), the Compensation Committee of the Board has authorized this Agreement.

Unless otherwise indicated, any capitalized term used herein, but not defined herein, shall have the meaning ascribed to such term in the Plan.

1. The Grant

(a) Subject to the terms and conditions set forth herein, the Participant hereby is granted on the Grant Date the number of RSUs as indicated on the Grant Header under "Grant Amount."

(b) Subject to Section 4 hereof, all of the RSUs granted under this Agreement shall vest on the third anniversary of the Grant Date (the "Vesting Date"); provided that, on such Vesting Date, the Participant has been in Continuous Service through such date. For avoidance of doubt, subject to Section 4 hereof, the Participant shall not proportionately or partially vest in any RSUs during any period prior to the Vesting Date, and the Participant shall become vested in the RSUs only on the Vesting Date pursuant to this Section 1(b).

(c) Upon satisfaction of the vesting requirement set forth in Section 1(b) and within thirty (30) days following the Vesting Date, the Company shall issue the Participant one (1) share of Stock free and clear of any restrictions for each vested RSU.

(d) For purposes of this Agreement, "Continuous Service" shall mean that the Participant' s service with the Company or any Subsidiary or Affiliate whether as an employee, director or consultant, is not interrupted or terminated.

2. No Dividend Equivalents

The Participant shall not be entitled to receive any dividends or dividend equivalents in respect of any distributions paid with respect to any share of Stock underlying the RSUs granted under this Agreement that become declared or payable with respect to a record date prior to the date on which shares of Stock are issued to the Participant pursuant to this Agreement.

3. No Voting Rights

The Participant shall not be a stockholder of record and shall have no voting or other stockholder rights with respect to shares of Stock underlying the RSUs granted under this Agreement prior to the date on which shares of Stock are issued to the Participant pursuant to this Agreement.

4. Effect of Termination of Continuous Service

(a) Subject to Sections 4(b), (c), (d) and (e), upon the Participant' s termination of Continuous Service, the unvested portion of the RSUs granted under this Agreement shall be immediately forfeited and cancelled.

(b) Notwithstanding Sections 1(b) or 4(a), and notwithstanding any provision in the Plan to the contrary, upon the date of a termination of Continuous Service that occurs prior to a Change in Control by (i) the Company other than for Cause or (ii) the Participant on account of Good Reason, death, or Disability, the Participant (or the Participant' s designated beneficiary in the event of the Participant' s death) shall be vested in a ProRata Number of RSUs, and the Company shall issue to the Participant (or the Participant' s designated beneficiary in the event of the Participant' s death) one (1) share of Stock free and clear of any restrictions for each vested RSU. Upon such date of termination, any unvested RSUs shall be immediately forfeited and canceled.

(c) Notwithstanding Sections 1(b) or 4(a), and notwithstanding any provision in the Plan to the contrary, in the event that a Change in Control occurs prior to the Vesting Date and the Participant' s Continuous Service is terminated on or following such

Change in Control by (i) the Company other than for Cause or (ii) the Participant on account of Good Reason, death or Disability, the Participant (or the Participant' s designated beneficiary in the event of the Participant' s death) shall, as of the date of such termination, be fully vested in the RSUs granted under this Agreement, and the Company shall issue to the Participant (or the Participant' s designated beneficiary in the event of the Participant' s death) one (1) share of Stock free and clear of any restrictions for each vested RSU.

(d) Subject to Section 14, all shares of Stock to be issued pursuant to Section 4(b) or 4(c), if any, shall be issued to the Participant within thirty (30) days of the date on which the Participant' s Continuous Service is terminated.

(e) A "ProRata Number of RSUs" means a number of RSUs equal to the number of RSUs granted under this Agreement subject to Section 4(b), multiplied by a fraction, the numerator of which is the number of fully completed months that have elapsed during the period commencing on the Grant Date and ending on the date of termination of Continuous Service, and the denominator of which is 36.

(f) The determination of whether the Participant' s Continuous Service is terminated by the Company other than for Cause shall be made by the Committee, in its sole discretion.

(g) For the purposes of Section 4, the following terms shall have the following meanings:

(i) "Cause" shall have the meaning set forth in (A) the Participant' s employment agreement with the Company, if any, in force at the time of the Participant' s termination of employment, and, if none, (B) the Plan.

(ii) "Disability" shall mean (A) any physical or mental condition that would qualify the Participant for a disability benefit under any long-term disability plan maintained by the Company and applicable to him, (B) if there is no such plan, such condition provided in any applicable governmental statute or regulation that constitutes a Disability, or (C) if there is no such applicable statute or regulation, such other condition as may be determined by the Committee in its sole discretion to constitute a Disability.

(iii) "Good Reason" shall mean (A) a material diminution in the Participant' s authority, duties or responsibilities, (B) relocation of the Company' s executive office in Amsterdam to a location more than thirty-five (35) miles further from the Participant' s residence at the time of relocation, (C) any material breach of an employment agreement, if any, that is in effect at any time between the Participant and the Company (or between the Participant and an Affiliate), (D) a failure by the Company (or an Affiliate) to continue the Participant' s participation in any bonus plan, program or arrangement in which the Participant is entitled to participate during the Participant' s employment term (as such term may be defined in an employment agreement, if any, that is in effect at any time between the Participant and the Company (or between the Participant and an Affiliate), or (E) a failure of any successor to the Company (whether direct or indirect and whether by merger, acquisition, consolidation or otherwise) to assume in a writing delivered to the Participant upon the assignee becoming such, the obligations of the Company hereunder.

Before a termination by a Participant will constitute termination for Good Reason, the Participant must give the Company a Notice of Good Reason within ninety (90) calendar days following the occurrence of the event that constitutes Good Reason. Failure to provide such Notice of Good Reason within such 90-day period shall be conclusive proof that the Participant shall not have Good Reason to terminate employment.

Good Reason shall exist only if (I) the Participant' s employer fails to remedy the event or events constituting Good Reason within thirty (30) calendar days after receipt of the Notice of Good Reason from the Participant and

(II) the Participant terminates his employment within sixty (60) days after the end of the period set forth in clause (I) above. If the Participant determines that Good Reason for termination exists and timely files a Notice of Good Reason, such determination shall be presumed to be true and the Company will have the burden of proving that Good Reason does not exist.

(iv) "Notice of Good Reason" means a written notice by the Participant to the Company which sets forth in reasonable detail the specific reason for a termination of employment for Good Reason and the facts and circumstances claimed to provide a basis for such termination and is provided to the Company in accordance with the terms set forth in Section 4(e)(iii) hereof.

5. Nontransferability of Grant

Except as otherwise provided herein or in the Plan, the RSUs shall not be assigned, negotiated, pledged, or hypothecated in any way or be subject to execution, attachment or similar process. No transfer of the Participant' s rights with respect to the RSUs, whether voluntary or involuntary, by operation of law or otherwise, shall be permitted. Immediately upon any attempt to transfer such rights, such RSUs, and all of the rights related thereto, shall be forfeited by the Participant.

6. Stock; Adjustment Upon Certain Events

(a) Stock to be issued under this Agreement shall be made available, at the discretion of the Board, either from authorized but unissued Stock, from issued Stock reacquired by the Company or from Stock purchased by the Company on the open market specifically for this purpose.

(b) The existence of this Agreement and the RSUs granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company' s capital structure or its business, any merger or consolidation of the Company or any affiliate, any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting the Stock, the authorization or issuance of additional shares of Stock, the dissolution or liquidation of the Company or any affiliate or sale or transfer of all or part of the assets or business of the Company or any affiliate, or any other corporate act or proceeding.

(c) Upon a Change in Control, the purchaser(s) of the Company' s assets or stock or the surviving entity in a merger or consolidation may, in his, her or its discretion, deliver to the Participant the same kind of consideration that is delivered to the stockholders of the Company as a result of such Change in Control, or the Board may cancel all outstanding RSUs in exchange for consideration in cash or in kind which consideration in both cases shall be determined by the Board.

7. Determinations

Each determination, interpretation or other action made or taken pursuant to the provisions of this Agreement by the Committee or the Board in good faith shall be final, conclusive and binding for all purposes and upon all persons, including, without limitation, the Participant and the Company, and their respective heirs, executors, administrators, personal representatives and other successors in interest.

8. Other Conditions

The transfer of any shares of Stock underlying the RSUs shall be effective only at such time as counsel to the Company shall have determined that the issuance and delivery of such shares are in compliance with all applicable laws, regulations of governmental authority and the requirements of any securities exchange on which Stock is traded.

9. Withholding Taxes

The Participant shall be liable for any and all taxes and contributions of any kind required by law to be withheld with respect to the vesting of the RSUs. The Participant agrees that the Participant' s employer (the "Employer") may, in its discretion, (a) require the Participant to remit to the Employer on the date on which the RSUs vest cash in an amount sufficient to satisfy all applicable required withholding taxes and contributions related to such vesting, (b) deduct from his or her regular salary payroll cash, on a payroll date following the date on which the RSUs vest, in an amount sufficient to satisfy such obligations, or (c) withhold sufficient shares of Stock that become issuable to the Participant on the applicable vesting date to satisfy such obligations.

10. Data Privacy

The Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant' s personal data by and among, as applicable, the Company and its Subsidiaries and Affiliates, namely priceline.com (located in the United States of America), priceline.com International Limited (located in the United Kingdom), Booking.com Ltd. (located in the United Kingdom), and Booking.com B.V. (located in The Netherlands), for the exclusive purpose of implementing, administering and managing the Participant' s participation in the Plan. The Participant hereby understands that the Company and its Subsidiaries and Affiliates hold (but only process or transfer to the extent required or permitted by local law) the following personal information about the Participant: the Participant' s name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of Stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of Stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant' s favor, for the purpose of implementing, administering and managing the Plan ("Data"). The Participant hereby understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, including Computershare Limited (located in the United States of America), Mellon Investor Services (located in the United States of America), and Morgan Stanley (located in the United States of America), that these recipients may be located in the Participant' s country or elsewhere (including countries outside of the European Economic Area such as the United States of America), and that the recipient' s country may have different data privacy laws and protections than the Participant' s country. The Participant hereby understands that the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Participant' s local human resources representative. The Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant' s participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any shares acquired upon vesting of the RSUs. The Participant hereby understands that Data will be held only as long as is necessary to implement, administer and manage the Participant' s participation in the Plan and in accordance with local law. The Participant hereby understands that the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Participant' s local human

resources representative. The Participant hereby understands, however, that refusing or withdrawing the Participant' s consent may affect the Participant' s ability to participate in the Plan. For more information on the consequences of the Participant' s refusal to

consent or withdrawal of consent, the Participant hereby understands that the Participant may contact the Participant's local human resources representative.

11. Incorporation of the Plan

The Plan, as it exists on the date of this Agreement and as amended from time to time, is hereby incorporated by reference and made a part hereof, and the RSUs and this Agreement shall be subject to all terms and conditions of the Plan. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control, except as expressly stated otherwise.

12. Electronic Delivery

The Company may, in its sole discretion, deliver any documents related to the RSUs and the Participant's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

13. Nature of Grant

The Participant acknowledges and agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (b) the grant of RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted repeatedly in the past; (c) all decisions with respect to future RSU grants, if any, will be at the sole discretion of the Company; (d) participation in the Plan is voluntary; (e) the RSUs are not a part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; (f) the future value of the underlying shares is unknown and cannot be predicted with certainty; and (g) in consideration of the grant of RSUs, no claim or entitlement to compensation or damages shall arise from termination of the RSUs or diminution in value of the RSUs or shares received upon vesting including (without limitation) any claim or entitlement resulting from termination of the Participant's active employment by the Company or a Subsidiary or Affiliate (for any reason whatsoever and whether or not in breach of local labor laws) and the Participant hereby releases the Company and its Subsidiaries and Affiliates from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, the Participant shall be deemed irrevocably to have waived the Participant's entitlement to pursue such claim.

14. Section 409A of the Code

To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) do not apply to the Participant. This Agreement and the Plan shall be administered in a manner consistent with this intent. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any regulations, or any other formal guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. Notwithstanding anything in this Agreement to the contrary, if the Participant is a "specified employee" (within the meaning of Section 409A of the Code) and any payment made pursuant to this Agreement is considered to be a "deferral of compensation" (as such phrase is defined for purposes of Section 409A of the Code) that is payable upon the Participant's "separation from service" (within the meaning of Section 409A of the Code), then the payment date for the shares of Stock underlying the vested RSUs, if any, that would have otherwise been made in the first six

(6) months following the Participant' s "separation from service" shall be the date that is the first day of the seventh month after the date of the Participant' s "separation from service" with the Company or an Affiliate (determined in accordance with Section 409A of the Code) or upon the Participant' s death, if earlier. In addition, if the event triggering the Participant' s right to receive payment of shares of Stock hereunder is the Participant' s termination of employment, but such termination of employment does not constitute a "separation from service" with the Company or an Affiliate within the meaning of Section 409A of the Code, then the payment hereunder payable by reason of such termination of employment that is considered to be a "deferral of compensation" under Section 409A of the Code shall not be paid upon such termination of employment, but instead, shall remain an obligation of the Company to the Participant and shall be paid or provided to the Participant upon the first to occur of the following events: (a) the Participant' s "separation from service" (within the meaning of Section 409A of the Code); or (b) the Participant' s death.

15. Miscellaneous

(a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, personal legal representatives, successors, trustees, administrators, distributees, devisees and legatees. The Company shall assign to, and require, any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/ or assets of the Company to expressly assume and agree in writing to perform this Agreement. Notwithstanding the foregoing, this Agreement may not be assigned by the Participant.

(b) No modification or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

(c) This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one agreement.

(d) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of

this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(e) The headings of the sections of this Agreement have been inserted for convenience of reference only and shall in no way restrict or modify any of the terms or provisions hereof.

(f) The Company shall pay all fees and expenses necessarily incurred by the Company in connection with this Agreement and will from time to time use its reasonable efforts to comply with all laws and regulations which, in the opinion of counsel to the Company, are applicable thereto.

(g) All notices, consents, requests, approvals, instructions and other communications provided for herein shall be validly given or made when delivered to the persons entitled or required to receive the same, at the addresses set forth at the heading of this Agreement or to such other address as either party may designate by like notice. Notices to the Company shall be addressed to its principal office, attention of the Company' s General Counsel.

(h) The Plan, this Agreement, and the Grant Header constitute the entire Agreement and understanding between the parties with respect to the matters described herein and supersede all prior and contemporaneous agreements and understandings, oral and written, between the parties with respect to such subject matter.

(i) This Agreement shall be governed and construed and the legal relationships of the parties determined in accordance with the laws of the state of Delaware without reference to principles of conflict of laws.

(j) The Company represents and warrants that it is duly authorized by its Board and/or the Committee (and by any other person or body whose authorization is required) to enter into this Agreement, that there is no agreement or other legal restriction which would prevent it from entering into, and carrying out its obligations under, this Agreement, and that the officer signing this Agreement is duly authorized and empowered to sign this Agreement on behalf of the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

PRICELINE.COM INCORPORATED

Jeffery Boyd
Chief Executive Officer

Exhibit 10.2

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is made as of September 12, 2011 by and between priceline.com Incorporated, a company, incorporated under the laws of the State of Delaware (the "Company"), and Darren Huston ("Indemnitee").

RECITALS

WHEREAS, Indemnitee has been asked and has agreed to and may be asked in the future to act (if applicable) as incorporator, (managing) director, officer, supervisory director, secretary, (general) proxy-holder, administrator, liquidator, attorney, manager, employee, agent or in any other capacity whatsoever of the Company or any of its (to be incorporated) affiliated or group companies, including, but not limited to, Booking.com B.V., Booking.com Limited and their affiliated companies (collectively with the Company, the "Group Companies");

WHEREAS, the Company has agreed to indemnify Indemnitee in any of the aforementioned capacities to the extent contemplated by this Agreement;

WHEREAS, the Company and Indemnitee wish to enter into this Agreement to clearly delineate the aforementioned indemnification;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services. This Agreement shall not be deemed an employment contract between the Company and Indemnitee.

Section 2. Indemnification. The Company shall indemnify and hold Indemnitee harmless in accordance with the provisions of this Section 2 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding. Pursuant to this Section 2, Indemnitee shall be indemnified against all damages, losses, penalties, monetary sanctions, costs, expenses (including reasonable fees, costs and expenses of attorneys, accountants, tax specialists and other advisors and court costs) ("Expenses"), judgments, fines and amounts paid in settlement actually and reasonably incurred, suffered or paid by Indemnitee or on his behalf in connection with such Proceeding or any claim, issue or matter therein or settlement whether by any of the Group Companies (or any (ultimate) shareholder or group company of the Group Companies) or a third party (collectively: a "Claim"), if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the relevant Group Companies on which behalf he acted. For purposes of this Agreement, the term "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether of a civil, criminal, administrative or investigative nature, in which Indemnitee was, is or will be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director (managing or supervisory), officer, manager, agent, employee, secretary, (general) proxy-holder, administrator, liquidator or attorney of the Group Companies,

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in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; provided, however, that the term "Proceeding" shall not include any action, suit or arbitration initiated by Indemnitee to enforce Indemnitee' s rights under this Agreement.

Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is by reason of his service to, within or for the benefit of the Group Companies, a witness in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

The indemnification obligation of the Company will apply irrespectively of whether the Indemnitee is still employed by, involved in or renders his service (in whatever capacity) to the relevant Group Companies at the moment the Claim is made, or whether the Claim dates from a date before or after the signing of this Agreement, as well as irrespectively of whether the third party is residing or seated in the Netherlands or abroad and irrespectively of whether the Claim will be executed before a Dutch or foreign judge, or whether the payments are due on account of a settlement (provided that such settlement must be approved in advance by the Company, which approval will not be unreasonably withheld, conditioned or delayed). The right to indemnification as provided for in this Agreement shall inure to the benefit of Indemnitee' s heirs, executors and personal and legal representatives.

Section 3. Exclusions; Limitations. Notwithstanding any provision in this Agreement to the contrary, and unless a court of competent jurisdiction determines that indemnification should be provided in a final non-appealable judgment, the Company shall not be obligated under this Agreement to make any indemnity:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision (for which excess the Company shall be and remain liable);

(b) for claims initiated or brought by Indemnitee against the Company or any Group Company, except (i) with respect to Proceedings brought by Indemnitee to enforce a right to indemnification under this Agreement or (ii) if the Board of Directors of the Company has approved the initiation or bringing of such claim;

(c) for any settlement of any Proceeding by Indemnitee effected without the Company' s written consent, which consent will not be unreasonably withheld, conditioned or delayed;

(d) (i) for any breach of Indemnitee' s duty of loyalty (as defined by Dutch law) to the relevant Group Companies, (ii) for acts or omissions by Indemnitee not in good faith or which involve willful or intentional misconduct, gross negligence or a knowing and willful violation of law on the part of Indemnitee, (iii) for unlawful payment of a dividend or

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distribution or unlawful stock or equity purchase or redemption by any Group Company, or (iv) for any transaction from which Indemnitee derived an improper and actual personal benefit; or

(e) for which payment is prohibited by applicable law,

The Company' s obligation to indemnify Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 4. Procedure for Notification and Defense of Claim.

(a) To obtain indemnification under this Agreement, Indemnitee shall first submit to the Company a written request therefor specifying in reasonable detail the claims or circumstances under which Indemnittee believes he is entitled to indemnification hereunder.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 5. Duration of Agreement; Binding Effect. This Agreement shall continue until and terminate upon the later of: (a) the expiry of the relevant applicable statue of limitations of any Claim, or (b) the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification hereunder. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and his heirs, executors and administrators.

Section 6. Repayment. If and to the extent that it is established by a competent court that one of the exceptions set forth in Clause 3 applies, then all amounts paid by the relevant Companies pursuant to this Agreement in relation to the events in question shall be deemed advance payments and Indemnitee shall be required to repay such amounts to the relevant Companies, unless otherwise provided for in the decision of the competent court or agreed upon by parties to this Agreement.

Section 7. Advance Payment; D&O Insurance. The right to indemnification conferred by this Agreement shall include the right to be paid by the Company the reasonable expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition. The Company shall cover Indemnitee under directors' and officers' liability insurance both during and, while potential liability exists, after the employment, which insurance shall cover all Group Companies.

Section 8. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way

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be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 9. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

Section 10. Notice by Indemnitee. Each party agrees promptly to notify the other parties in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding, claim or matter which may be subject to indemnification hereunder.

Section 11. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at such address as Indemnitee shall provide to the Company.

(b) If to the Company to:

priceline.com Incorporated
800 Connecticut Avenue
Norwalk, Connecticut 06854
Attention: General Counsel

or to any other address as may have been furnished to Indemnitee by the Company.

Section 12. No Termination. The parties hereby waive their rights, if any, in whole or in part, to annul, terminate, rescind, dissolve or cancel this Agreement, including on the basis of Sections 6:265 or 6:228 of the Dutch Civil Code, or make any request thereto.

Section 13. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or

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proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court of Chancery (the "Delaware Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, The Corporation Trust Company, Wilmington, Delaware as its agent in the State of Delaware as such party' s agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

priceline.com Incorporated

By: /s/ Jeffery H. Boyd
Name: Jeffery H. Boyd
Title: President and Chief Executive Officer

Indemnitee

By: /s/ Darren Huston
Name: Darren Huston

Exhibit 10.3

EXECUTION COPY

J.P.Morgan

CREDIT AGREEMENT

dated as of

October 28, 2011

among

PRICELINE.COM INCORPORATED

The Dutch Borrower From Time to Time Party Hereto

The Lenders Party Hereto

CITIBANK, N.A., DEUTSCHE BANK SECURITIES INC.
and MORGAN STANLEY BANK, N.A.
as Senior Managing Agents

RBS CITIZENS, N.A.
as Documentation Agent

BANK OF AMERICA, N.A. and WELLS FARGO BANK, NATIONAL ASSOCIATION
as Co-Syndication Agents

and
JPMORGAN CHASE BANK, N.A.
as Administrative Agent

J.P. MORGAN SECURITIES LLC,
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED and WELLS FARGO SECURITIES, LLC,
as Joint Bookrunners and Joint Lead Arrangers

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CREDIT AGREEMENT (this "Agreement") dated as of October 28, 2011 among PRICELINE.COM INCORPORATED, a Delaware corporation (the "Company"), BOOKING.COM B.V., a private limited liability company incorporated under the laws of the Netherlands, with its statutory seat at Amsterdam, the Netherlands (the "Dutch Subsidiary") to the extent it becomes a party hereto pursuant to Section 2.24, the LENDERS from time to time party hereto, RBS CITIZENS, N.A., as Documentation Agent, BANK OF AMERICA, N.A. and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Co-Syndication Agents and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

The parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to a Loan, or the Loans comprising such Borrowing, bearing interest at a rate determined by reference to the Alternate Base Rate.

"Acquisition" means any acquisition of property or series of related acquisitions of property that (a) constitutes (i) assets comprising all or substantially all or any significant portion of a business or operating unit of a business, or (ii) all or substantially all of the common stock or other Equity Interests of a Person.

"Adjusted LIBO Rate" means, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the sum of (i) (a) the LIBO Rate for such Interest Period

multiplied by (b) the Statutory Reserve Rate plus, without duplication, (ii) in the case of Loans by a Lender from its office or branch in the United Kingdom or any Participating Member State, the Mandatory Cost.

"Administrative Agent" means JPMorgan Chase Bank, N.A. (including its branches and affiliates), in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Aggregate Commitment" means the aggregate of the Commitments of all of the Lenders, as reduced or increased from time to time pursuant to the terms and conditions hereof. As of the Effective Date, the Aggregate Commitment is $1,000,000,000.

"Agreed Currencies" means (i) Dollars, (ii) euro, (iii) Pounds Sterling and (iv) any other Foreign Currency that is (x) a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars, (y) available in the London interbank deposit market and (z) agreed to by the Administrative Agent and each of the Lenders.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute screen provided by Reuters or any successor to or substitute for such service providing rate quotations comparable to those currently provided on such screen) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, respectively.

"Applicable Percentage" means, with respect to any Lender, the percentage of the Aggregate Commitment represented by such Lender' s Commitment; provided that, in the case of Section 2.23 when a Defaulting Lender shall exist, "Applicable Percentage" shall mean the percentage of the Aggregate Commitment (disregarding any Defaulting Lender' s Commitment) represented by such Lender' s Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments and, subject to Section 2.23, to any Lender' s status as a Defaulting Lender at the time of determination.

"Applicable Rate" means, for any day, with respect to any Eurocurrency Revolving Loan, ABR Revolving Loan or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "Commitment Fee Rate", "Eurocurrency Spread" or "ABR Spread", as the case may be, based upon the Category applicable on such date:

Pricing Category	Commitment Fee Rate	Eurocurrency Spread	ABR Spread
Category I:	0.10%	1.00%	0%
Category II:	0.15%	1.125%	0.125%
Category III:	0.175%	1.25%	0.25%
Category IV:	0.20%	1.375%	0.375%

Category V:	0.25%	1.50%	0.50%

For purposes of the foregoing,

(a) (i) Category I and Ratings Level A are equivalent and correspond to each other, and they are the highest levels for purposes of the Applicable Rate, (ii) Category II, Ratings Level B and Leverage Level 2 are equivalent and correspond to each other, and they are the second highest levels for purposes of the Applicable Rate, (iii) Category III, Ratings Level C and Leverage Level 3 are equivalent and correspond to each other, and they are the third highest levels for purposes of the Applicable Rate, (iv) Category IV, Ratings Level D and Leverage Level 4 are equivalent and correspond to each other, and they are the fourth highest levels for purposes of the Applicable Rate, and (v) Category V, Ratings Level E and Leverage Level 5 are equivalent and correspond to each other, and they are the lowest levels for purposes of the Applicable Rate;

(b) at any time of determination, the Category shall be determined by reference to the higher of the Leverage Level and the Ratings Level then in effect;

(c) if at any time the Company fails to deliver the Financials on or before the date the Financials are due pursuant to Section 5.01, Category V shall be deemed applicable for the period commencing three (3) Business Days after the required date of delivery and ending on the date which is three (3) Business Days after the Financials are actually delivered, after which the Category shall be determined in accordance with the table above as applicable;

(d) except as provided below, adjustments, if any, to the Category then in effect shall be effective three (3) Business Days after the Administrative Agent has received the applicable Financials (it being understood and agreed that each change in Category shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change);

(e) notwithstanding the foregoing, Category III shall be deemed to be applicable until the Administrative Agent' s receipt of the applicable Financials for the Company' s first fiscal quarter ending after the Effective Date and adjustments to the Category then in effect shall thereafter be effected in accordance with the preceding paragraphs;

(f) at any time of determination, the "Leverage Level" shall be based upon Leverage Ratio applicable at such time:

Leverage Level	Leverage Ratio
Level 2	≤ 0.50 to 1.00
Level 3	> 0.50 to 1.00 but ≤ 1.50 to 1.00
Level 4	> 1.50 to 1.00 but ≤ 2.50 to 1.00
Level 5	> 2.50 to 1.00

(g) at any time of determination, the "Ratings Level" shall be based upon the long-term debt ratings by Moody' s and S&P, respectively, applicable at such time to the Index Debt:

Ratings Level	Index Debt Ratings (Moody' s/S&P)
Level A	A3/A- or higher
Level B	Baa1/BBB+
Level C	Baa2/BBB
Level D	Baa3/BBB-
Level E	Ba3/BB- or lower

For purposes of the foregoing paragraph (g), (i) if either Moody' s or S&P shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then such rating agency shall be deemed to have established a Ratings Level in Level D; (ii) if the ratings established or deemed to have been established by Moody' s and S&P for the Index Debt shall fall within different Ratings Levels, the Ratings Level shall be based on the higher of the two ratings; and (iii) if the ratings established or deemed to have been established by Moody' s and S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody' s or S&P), such change shall be effective as of the date on which it is first publicly announced by the applicable rating agency, irrespective of when notice of such change shall have been furnished by the Company to the Administrative Agent and the Lenders pursuant to this Agreement or otherwise. Each change in the Ratings Level shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody' s or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Company and the Lenders shall negotiate in good faith to amend the definition of Ratings Level in accordance with Section 9.02 hereof to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Ratings Level shall be determined by reference to the rating most recently in effect prior to such change or cessation.

"Approved Fund" has the meaning assigned to such term in Section 9.04.

"Assignment and Assumption" means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Augmenting Lender" has the meaning assigned to such term in Section 2.20.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments in accordance with the terms of this Agreement.

"Available Commitment" means, at any time, the Commitment then in effect minus the Revolving Credit Exposure of all Lenders at such time; it being understood and agreed that any Lender' s Swingline Exposure shall not be deemed to be a component of the Revolving Credit Exposure for purposes of calculating the commitment fee under Section 2.12(a).

"Banking Services" means each and any of the following bank services provided to the Company or any Subsidiary by any Lender or any of its Affiliates: (a) credit cards for commercial customers (including, without limitation, commercial credit cards and purchasing cards), (b) stored value cards and (c) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

"Banking Services Agreement" means any agreement entered into by the Company or any Subsidiary in connection with Banking Services.

"Banking Services Obligations" means any and all obligations of the Company or any Subsidiary, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

"Bankruptcy Event" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment; provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof; provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means the Company or the Dutch Borrower and "Borrowers" means, collectively, the Company and the Dutch Borrower.

"Borrowing" means (a) Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect or (b) a Swingline Loan.

"Borrowing Request" means a request by any Borrower for a Revolving Borrowing in accordance with Section 2.03.

"Borrowing Subsidiary Agreement" means a Borrowing Subsidiary Agreement substantially in the form of Exhibit G-1.

"Borrowing Subsidiary Termination" means a Borrowing Subsidiary Termination substantially in the form of Exhibit G-2.

"Burdensome Restrictions" means any consensual encumbrance or restriction of the type described in clause (a) or (b) of Section 6.04 (without giving effect to any exceptions described in clauses (i) through (iv) of such Section 6.04).

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurocurrency Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in the relevant Agreed Currency in the London interbank market or the principal financial center of the country in which payment or purchase of such Agreed Currency can be made (and, if the Borrowings or LC Disbursements which are the subject of a borrowing, drawing, payment, reimbursement or rate selection are denominated in euro, the term "Business Day" shall also exclude any day on which the TARGET2 payment system is not open for the settlement of payments in euro).

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof), of Equity Interests representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Company; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Company by Persons who were neither (i) nominated by the board of directors of the Company

nor (ii) appointed by directors so nominated; (c) the occurrence of a change in control, or other similar provision, as defined in any agreement or instrument evidencing any Material Indebtedness (triggering a default or mandatory prepayment, which default or mandatory prepayment has not been waived in writing); or (d) to the extent the Dutch Subsidiary becomes a Borrower hereunder, the Company ceases to own, directly or indirectly, and Control 100% (other than directors' qualifying shares) of the ordinary voting and economic power of the Dutch Borrower.

"Change in Law" means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rules, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; provided however, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law" regardless of the date enacted, adopted, issued or implemented.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Swingline Loans.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Co-Syndication Agent" means each of Bank of America, N.A. and Wells Fargo Bank, National Association in its capacity as co-syndication agent for the credit facility evidenced by this Agreement.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender' s Revolving Credit Exposure hereunder, as such commitment may be (a) reduced or terminated from time to time pursuant to Section 2.09, (b) increased from time to time pursuant to Section 2.20 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender' s Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption or other documentation contemplated hereby pursuant to which such Lender shall have assumed its Commitment, as applicable.

"Company" has the meaning set forth in the introductory paragraph hereto.

"Computation Date" is defined in Section 2.04.

"Consenting Lender" has the meaning assigned to such term in Section 2.25.

"Consolidated EBITDA" means Consolidated Net Income *plus*, to the extent deducted from revenues in determining Consolidated Net Income, (i) interest expense, (ii) expense for income taxes paid or accrued, (iii) depreciation, (iv) amortization, (v) extraordinary non-cash charges, expenses and losses incurred other than in the ordinary course of business, (vi) non-cash expenses related to stock-based compensation, (vii) other non-cash charges and expenses, including, without limitation, any non-cash expense relating to the vesting of warrants and (viii) cost savings consistent with the standards set forth in Rule 11-02(b)(6) of Regulation S-X, *minus*, to the extent included in Consolidated Net Income, (1) interest income (net of fees and expenses associated for closed-end funds, mutual funds and exchange traded funds), (2) income tax credits and refunds (to the extent not netted from tax expense), (3) any cash payments made during such period in respect of items described in clause (vii) above subsequent to the fiscal quarter in which the

relevant non-cash, charge expense or losses were incurred, (4) extraordinary non-cash gains realized other than in the ordinary course of business and (5) gains and losses on conversions of convertible debt recorded pursuant to Accounting Standards Codification 470-20, all calculated for the Company and its Subsidiaries in accordance with GAAP on a consolidated basis. For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each, a "Reference Period"), (i) if at any time during such Reference Period the Company or any Subsidiary shall have made any Material Disposition, the Consolidated EBITDA for such Reference Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such Material Disposition for such Reference Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Reference Period, and (ii) if during such Reference Period the Company or any Subsidiary shall have made a Material Acquisition, Consolidated EBITDA for such Reference Period shall be calculated after giving effect thereto on a Pro Forma Basis as if such Material Acquisition occurred on the first day of such Reference Period. As used in this definition, "Material Acquisition" means any Acquisition with respect to which the Company is required to present pro forma financial statements in accordance with Regulation S-X; and "Material Disposition" means any sale, transfer or disposition of property or series of related sales, transfers, or dispositions of property with respect to which the Company is required to present pro forma financial statements in accordance with Regulation S-X.

"Consolidated Interest Expense" means, with reference to any period, the cash interest expense (including without limitation interest expense under Capital Lease Obligations that is treated as interest in accordance with GAAP) of the Company and its Subsidiaries calculated on a consolidated basis for such period with respect to all outstanding Indebtedness of the Company and its Subsidiaries allocable to such period in accordance with GAAP (including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing and net costs under interest rate Swap Agreements to the extent such net costs are allocable to such period in accordance with GAAP). Notwithstanding anything to the contrary contained herein, "Consolidated Interest Expense" shall not include the impact of non-cash amortization of debt discount resulting from the accounting requirements under Accounting Standards Condition 470-20.

"Consolidated Net Income" means, with reference to any period, the net income (or loss) of the Company and its Subsidiaries calculated in accordance with GAAP on a consolidated basis (without duplication) for such period.

"Consolidated Total Assets" means, as of the date of any determination thereof, total assets of the Company and its Subsidiaries calculated in accordance with GAAP on a consolidated basis as of such date.

"Consolidated Total Indebtedness" means at any time (a) the sum, without duplication, of (i) the aggregate Indebtedness of the Company and its Subsidiaries calculated on a consolidated basis as of such time in accordance with GAAP, (ii) the aggregate amount of Indebtedness of the Company and its

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Subsidiaries relating to bankers acceptances and (iii) Indebtedness of the type referred to in clauses (i) or (ii) hereof of another Person guaranteed by the Company or any of its Subsidiaries minus (b) the aggregate Indebtedness of the Company and its Subsidiaries which has been defeased in accordance with applicable agreements, laws, rules and regulations and/or accounting standards.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Country Risk Event" means:

(i) any law, action or failure to act by any Governmental Authority in the Company' s or Letter of Credit beneficiary' s country which has the effect of:

(a) changing the obligations under the relevant Letter of Credit, this Agreement or any of the other Loan Documents as originally agreed or otherwise creating any additional liability, cost or expense to the Issuing Bank, the Lenders or the Administrative Agent,

(b) changing the ownership or control by the Company or Letter of Credit beneficiary of its business, or

(c) preventing or restricting the conversion into or transfer of the applicable Agreed Currency;

(ii) force majeure; or

(iii) any similar event

which, in relation to (i), (ii) and (iii), directly or indirectly, prevents or restricts the payment or transfer of any amounts owing under the relevant Letter of Credit in the applicable Agreed Currency into an account designated by the Administrative Agent or the Issuing Bank and freely available to the Administrative Agent or the Issuing Bank.

"Credit Event" means a Borrowing, the issuance of a Letter of Credit, an LC Disbursement or any of the foregoing.

"Credit Party" means the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender.

"Declining Lender" has the meaning assigned to such term in Section 2.25.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Defaulting Lender" means any Lender that (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender' s good faith determination that a condition precedent to funding a Loan (specifically identified and including the particular Default, if any) has not been satisfied, (b) has notified the Company or any Credit Party in

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writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender' s good faith determination that a condition precedent (specifically identified and including the particular Default, if any) to funding a Loan cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after written request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement; provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party' s receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event.

"Documentation Agent" means RBS Citizens, N.A. in its capacity as documentation agent for the credit facility evidenced by this Agreement.

"Dollar Amount" of any currency at any date shall mean (i) the amount of such currency if such currency is Dollars or (ii) the equivalent in such currency of Dollars if such currency is a Foreign Currency, calculated on the basis of the Exchange Rate for such currency, on or as of the most recent Computation Date provided for in Section 2.04.

"Dollars" or "$" refers to lawful money of the United States of America.

"Domestic Foreign Holdco Subsidiary" means a Domestic Subsidiary substantially all of the assets of which consist of the Equity Interests of (and/or receivables or other amounts due from) one or more Foreign Subsidiaries that are "controlled foreign corporations" within the meaning of Section 957 of the Code, so long as such Domestic Subsidiary (i) does not conduct any business or activities other than the ownership of such Equity Interests and/or receivables and (ii) does not incur, and is not otherwise liable for, any Indebtedness (other than intercompany indebtedness permitted pursuant to Section 6.01(b)).

"Domestic Subsidiary" means a Subsidiary (other than a Subsidiary owned, directly or indirectly, by a controlled foreign corporation within the meaning of Section 957 of the Code) organized under the laws of a jurisdiction located in the United States of America.

"Dutch Borrower" means the Dutch Subsidiary to the extent it has become a Borrower pursuant to Section 2.24 and for so long as such Subsidiary has not ceased to be a Borrower pursuant to Section 2.24.

"Dutch Subsidiary" has the meaning set forth in the introductory paragraph hereto.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the

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Company or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"Equivalent Amount" of any currency with respect to any amount of Dollars at any date shall mean the equivalent in such currency of such amount of Dollars, calculated on the basis of the Exchange Rate for such other currency at 11:00 a.m., London time, on the date on or as of which such amount is to be determined.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Company or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Company or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Company or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal of the Company or any of its ERISA Affiliates from any Plan or Multiemployer Plan; or (g) the receipt by the Company or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Company or any ERISA Affiliate of any notice, concerning the imposition upon the Company or any of its ERISA Affiliates of Withdrawal Liability or a determination that a Multiemployer Plan contributed to by the Company or an ERISA Affiliate is insolvent or in reorganization, within the meaning of Title IV of ERISA.

"EU" means the European Union.

"euro" and/or "EUR" means the single currency of the participating member states of the EU.

"Eurocurrency", when used in reference to a currency means an Agreed Currency and when used in reference to any Loan or Borrowing, means that such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

"Eurocurrency Payment Office" of the Administrative Agent shall mean, for each Foreign Currency, the office, branch, affiliate or correspondent bank of the Administrative Agent for such currency as specified from time to time by the Administrative Agent to the Company and each Lender.

"Event of Default" has the meaning assigned to such term in Article VII.

"Exchange Rate" means, on any day, with respect to any Foreign Currency, the rate at which such Foreign Currency may be exchanged into Dollars, as set forth at approximately 11:00 a.m., Local Time, on such date on the Reuters World Currency Page for such Foreign Currency. In the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate with respect to such Foreign Currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by the Administrative Agent or, in the event no such service is selected, such Exchange Rate shall instead be calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Administrative Agent for such Foreign Currency on the London market at 11:00 a.m., Local Time, on such date for the purchase of Dollars with such Foreign Currency, for delivery two Business Days later; provided, that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent, after consultation with the Company, may use any reasonable method it deems appropriate to determine such rate, and such determination shall be conclusive absent manifest error.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of any Borrower hereunder, (a) income or franchise Taxes imposed on (or measured by) its net income by the United States of America, or by any jurisdiction to which the Lender, Administrative Agent, Issuing Bank or other recipient, as the case may be, has a present or former connection (other than a connection arising solely from its performance of obligations under this Agreement or the other Loan Documents), (b) any branch profits Taxes imposed by the

United States of America or any similar Tax imposed by any other jurisdiction in which the applicable Borrower is located or the Administrative Agent, any Lender, the Issuing Bank or any other recipient, as the case may be, has a present or former connection, (c) in the case of a Non-U.S. Lender (other than an assignee pursuant to a request by any Borrower under Section 2.19(b)), any withholding Tax that is imposed on amounts payable to such Non-U.S. Lender resulting from any law in effect on the date such Non-U.S. Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Non-U.S. Lender' s failure to comply with Section 2.17(e), except to the extent that such Non-U.S. Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the applicable Borrower with respect to such withholding Tax pursuant to Section 2.17(a), (d) any backup withholding Tax imposed as a result of Non-U.S. Lender' s failure to comply with Section 2.17(e), (e) any withholding Tax that is imposed on amounts payable to a Lender by the Dutch Borrower resulting from any law in effect on the date such Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Lender' s failure to comply with Section 2.17(e) and (f) all U.S. federal withholding Taxes imposed under FATCA.

"Existing Credit Agreement" means the Credit Agreement dated September 26, 2007 among the Company, the lenders party thereto from time to time and JPMorgan Chase Bank, N.A., as administrative agent.

"Existing Maturity Date" has the meaning assigned to such term in Section 2.25.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement, and any regulations or official interpretations thereof.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Company.

"Financials" means the annual or quarterly financial statements, and accompanying certificates and other documents, of the Company and its Subsidiaries required to be delivered pursuant to Section 5.01(a) or 5.01(b).

"Foreign Currencies" means Agreed Currencies other than Dollars.

"Foreign Currency LC Exposure" means, at any time, the sum of (a) the Dollar Amount of the aggregate undrawn and unexpired amount of all outstanding Foreign Currency Letters of Credit at such time plus (b) the aggregate principal Dollar Amount of all LC Disbursements in respect of Foreign Currency Letters of Credit that have not yet been reimbursed at such time.

"Foreign Currency Letter of Credit" means a Letter of Credit denominated in a Foreign Currency.

"Foreign Currency Sublimit" means $1,000,000,000, or a greater amount representing a proportionate increase in the Foreign Currency Sublimit as a result of a concurrent increase in the Commitments pursuant to Section 2.20 and as is reasonably calculated by the Administrative Agent with notice to the Company and the Lenders.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the relevant Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" means any Subsidiary which is not a Domestic Subsidiary.

"FSA" means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), as amended from time to time.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or

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advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Increasing Lender" has the meaning assigned to such term in Section 2.20.

"Incremental Term Loan" has the meaning assigned to such term in Section 2.20.

"Incremental Term Loan Amendment" has the meaning assigned to such term in Section 2.20.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed; provided that the amount of such Indebtedness will be the lesser of the fair market value of such asset at the date of determination and the amount of Indebtedness so secured, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, and (j)

all obligations of such Person under any Swap Agreement or under any similar type of agreement; provided that earn-outs and obligations to purchase non-controlling interests in connection with Acquisitions and similar obligations shall not be considered Indebtedness for any purposes under this Agreement. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person' s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means Taxes, that are imposed on or with respect to any payment made by or on account of any obligation of any Borrower hereunder, other than Excluded Taxes and Other Taxes.

"Index Debt" means senior, unsecured, long-term indebtedness for borrowed money of the Company that is not Guaranteed by any other Person or entity or subject to any other credit enhancement.

"Information Memorandum" means the Confidential Information Memorandum dated September 2011 relating to the Company and the Transactions.

"Interest Election Request" means a request by the applicable Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.08.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December and the Maturity Date, (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period and the Maturity Date and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid and the Maturity Date.

"Interest Period" means with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months (or nine or twelve months if acceptable to each Lender) thereafter, as the applicable Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurocurrency Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurocurrency Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"IRS" means the United States Internal Revenue Service.

"Issuing Bank" means JPMorgan Chase Bank, N.A., in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.06(i). The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"LC Collateral Account" has the meaning assigned to such term in Section 2.06(j).

"LC Disbursement" means a payment made by the Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn Dollar Amount of all outstanding Letters of Credit at such time plus (b) the aggregate Dollar Amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Company at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lease Accounting GAAP Change" has the meaning assigned to such term in Section 1.04.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a Lender hereunder pursuant to Section 2.20 or pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"Leverage Ratio" has the meaning assigned to such term in Section 6.05(a).

"LIBO Rate" means, with respect to any Eurocurrency Borrowing for any Interest Period, the rate appearing on, in the case of Dollars, Reuters Screen LIBOR01 Page and, in the case of any Foreign Currency, the appropriate page of such service which displays British Bankers Association Interest Settlement Rates for deposits in such Foreign Currency (or, in each case, on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in the relevant Agreed Currency in the London interbank market) at approximately 11:00 a.m., London time, two (2) Business Days prior to (or, in the case of Loans denominated in Pounds Sterling, on the day of) the commencement of such Interest Period, as the rate for deposits in the relevant Agreed Currency with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurocurrency Borrowing for such Interest Period shall be the rate at which deposits in the relevant Agreed Currency in an Equivalent Amount of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to (or, in the case of Loans denominated in Pounds Sterling, on the day of) the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

"Loan Documents" means this Agreement, any promissory notes issued pursuant to Section 2.10(e) of this Agreement, any Letter of Credit applications and, after the execution and delivery thereof, the Subsidiary Guaranty, the Borrowing Subsidiary Agreement and the Borrowing Subsidiary Termination and all other agreements, instruments, documents and certificates identified in Section 4.01 executed and delivered to, or in favor of, the Administrative Agent or any Lenders and including all other pledges, powers of attorney, consents, assignments, contracts, notices, letter of credit agreements and all other written matter whether heretofore, now or hereafter executed by or on behalf of any Loan Party, or any employee of any Loan Party, and delivered to the Administrative Agent or any Lender in connection with the Agreement or the transactions contemplated thereby. Any reference in the Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to the Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

"Loan Parties" means, collectively, the Borrowers and the Subsidiary Guarantors.

"Loans" means the loans made by the Lenders to the Borrowers pursuant to this Agreement.

"Local Time" means (i) New York City time in the case of a Loan, Borrowing or LC Disbursement denominated in Dollars and (ii) local time in the case of a Loan, Borrowing or LC Disbursement denominated in a Foreign Currency (it being understood that such local time shall mean London, England time unless otherwise notified by the Administrative Agent).

"Mandatory Cost" is described in Schedule 2.02.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, property or financial condition of the Company and the Subsidiaries taken as a whole or (b) the validity or enforceability of this Agreement or any and all other Loan Documents or the rights or remedies of the Administrative Agent and the Lenders thereunder.

"Material Domestic Subsidiary" means each Domestic Subsidiary (i) which, as of the most recent fiscal quarter of the Company, for the period of four consecutive fiscal quarters then ended, for which financial statements have been delivered pursuant to Section 5.01, contributed greater than five percent (5%) of the Company' s Consolidated EBITDA for such period or (ii) which contributed greater than five percent (5%) of the Company' s Consolidated Total Assets as of such date; provided that, if at any time the aggregate amount of the EBITDA or consolidated total assets of all Domestic Subsidiaries that are not Material Domestic Subsidiaries exceeds fifteen percent (15%) of the Company' s Consolidated EBITDA for any such period or fifteen percent (15%) of the Company' s Consolidated Total Assets as of the end of any such fiscal quarter, the Company (or, in the event the Company has failed to do so within ten (10) days, the Administrative Agent) shall designate sufficient Domestic Subsidiaries as "Material Domestic Subsidiaries" to eliminate such excess, and such designated Subsidiaries shall for all purposes of this Agreement constitute Material Domestic Subsidiaries.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Swap Agreements, of any one or more of the Company and its Subsidiaries in an aggregate principal amount exceeding $50,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Company or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Company or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

"Maturity Date" means October 28, 2016, as extended pursuant to Section 2.25.

"Maturity Date Extension Request" means a request by the Company, in the form of Exhibit H hereto or such other form as shall be approved by the Administrative Agent, for the extension of the Maturity Date pursuant to Section 2.25.

"Moody' s" means Moody' s Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"New Money Credit Event" means with respect to the Issuing Bank, any increase (directly or indirectly) in the Issuing Bank' s exposure (whether by way of additional credit or banking facilities or otherwise, including as part of a restructuring) to the Company or any Governmental Authority in the Company' s or any applicable Letter of Credit beneficiary' s country occurring by reason of (i) any law, action or requirement of any Governmental Authority in the Company' s or such Letter of Credit beneficiary' s country, or (ii) any request in respect of external indebtedness of borrowers in the Company' s or such Letter of Credit beneficiary' s country applicable to banks generally which conduct

business with such borrowers, or (iii) any agreement in relation to clause (i) or (ii), in each case to the extent calculated by reference to the aggregate Revolving Credit Exposures outstanding prior to such increase.

"Non-U.S. Lender" means a Lender that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all LC Exposure, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Loan Parties to the Lenders or to any Lender, the Administrative Agent, the Issuing Bank or any indemnified party arising under the Loan Documents.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document, except any such taxes imposed with respect to an assignment (other than an assignment pursuant to Section 2.19(b)).

"Overnight Foreign Currency Rate" means, for any amount payable in a Foreign Currency, the rate of interest per annum as determined by the Administrative Agent at which overnight or weekend deposits in the relevant currency (or if such amount due remains unpaid for more than three Business Days, then for such other period of time as the Administrative Agent may elect) for delivery in immediately available and freely transferable funds would be offered by the Administrative Agent to major banks in the interbank market upon request of such major banks for the relevant currency as determined above and in an amount comparable to the unpaid principal amount of the related Credit Event, plus any taxes, levies, imposts, duties, deductions, charges or withholdings imposed upon, or charged to, the Administrative Agent by any relevant correspondent bank in respect of such amount in such relevant currency.

"Parent" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"Participant" has the meaning set forth in Section 9.04.

"Participant Register" has the meaning set forth in Section 9.04.

"Participating Member State" means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to economic and monetary union.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a)Liens imposed by law for taxes, assessments and governmental charges or levies that are not yet due or are being contested in compliance with Section 5.04;

(b)carriers' , warehousemen' s, mechanics' , materialmen' s, repairmen' s and other like Liens imposed by law in respect of property or assets, arising in the ordinary course of business and

securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 5.04;

(c)liens, pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d)deposits to secure the performance of bids, tenders, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business and consistent with past practices (exclusive of obligations in respect of the payment for borrowed money);

(e)judgment liens or awards in respect of judgments that do not constitute an Event of Default under clause (k) of Article VII; and

(f)easements, zoning restrictions, encroachments, rights-of-way and similar charges or encumbrances, and minor title deficiencies on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Company or any Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Company or any ERISA Affiliate is an "employer" as defined in Section 3(5) of ERISA.

"Pounds Sterling" means the lawful currency of the United Kingdom.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Pro Forma Basis" means on a basis in accordance with GAAP and Regulation S-X.

"Register" has the meaning set forth in Section 9.04.

"Regulation S-X" means Regulation S-X promulgated pursuant to the Securities Act (as such regulation is in effect on the Effective Date).

"Related Parties" means, with respect to any specified Person, such Person' s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person' s Affiliates.

"Required Lenders" means, at any time, Lenders having Revolving Credit Exposures and unused Commitments representing more than 50% of the sum of the total Revolving Credit Exposures and unused Commitments at such time.

"Revolving Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender' s Revolving Loans and its LC Exposure and Swingline Exposure at such time.

"Revolving Loan" means a Loan made pursuant to Section 2.01.

"S&P" means Standard & Poor' s Ratings Services, a Standard & Poor' s Financial Services LLC business.

"Sale and Leaseback Transaction" means any sale or other transfer of any property or asset by any Person with the intent to lease such property or asset as lessee.

"Significant Subsidiary" means any Subsidiary of the Company that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve, liquid asset, fees or similar requirements (including any marginal, special, emergency or supplemental reserves or other requirements) established by any central bank, monetary authority, the Board, the Financial Services Authority, the European Central Bank or other Governmental Authority for any category of deposits or liabilities customarily used to fund loans in the applicable currency, expressed in the case of each such requirement as a decimal. Such reserve, liquid asset, fees or similar requirements shall, in the case of Dollar denominated Loans, include those imposed pursuant to Regulation D of the Board. Eurocurrency Loans shall be deemed to be subject to such reserve, liquid asset, fee or similar requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under any applicable law, rule or regulation, including Regulation D of the Board. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve, liquid asset or similar requirement.

"Subordinated Indebtedness" means any Indebtedness of the Company or any Subsidiary the payment of which is subordinated to payment of the obligations under the Loan Documents.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent' s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any subsidiary of the Company.

"Subsidiary Guarantor" means each Material Domestic Subsidiary that becomes a party to the Subsidiary Guaranty (including pursuant to a joinder or supplement thereto). The Subsidiary Guarantors on the Effective Date are identified as such in Schedule 3.01 hereto. Notwithstanding the foregoing, no Domestic Foreign Holdco Subsidiary shall be required to be a Subsidiary Guarantor.

"Subsidiary Guaranty" means that certain Guaranty in the form of Exhibit I (including any and all supplements thereto) and executed by each Subsidiary Guarantor as amended, restated, supplemented or otherwise modified from time to time.

"Swap Agreement" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of

services provided by current or former directors, officers, employees or consultants of the Company or the Subsidiaries shall be a Swap Agreement.

"Swap Obligations" means any and all obligations of the Company or any Subsidiary, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all Swap Agreements permitted hereunder with a Lender or an affiliate of a Lender, and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any such Swap Agreement transaction.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"Swingline Lender" means JPMorgan Chase Bank, N.A., in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.05.

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) payment system (or, if such payment system ceases to be operative, such other payment system (if any) reasonably determined by the Administrative Agent to be a suitable replacement) for the settlement of payments in euro.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, assessments, fees, charges or withholdings imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Transactions" means the execution, delivery and performance by the Loan Parties of this Agreement and the other Loan Documents, the borrowing of Loans and other credit extensions, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

"UCC" means the Uniform Commercial Code as in effect from time to time in the state the laws of which are required to be applied in connection with the issue of perfection of security interests.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurocurrency Loan") or by Class and Type (e.g., a "Eurocurrency Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurocurrency Borrowing") or by Class and Type (e.g., a "Eurocurrency Revolving Borrowing").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions

on such amendments, restatements supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person' s successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, notwithstanding the foregoing, for purposes of this Agreement (other than Section 5.01) GAAP shall be determined without giving effect to any change thereto occurring after the date hereof as a result of the adoption of any proposals set forth in the *Proposed Accounting Standards Update, Leases (Topic 840)*, issued by the Financial Accounting Standards Board on August 17, 2010, or any other proposals issued by the Financial Accounting Standards Board in connection therewith, in each case if such change would require treating any lease or similar agreement as a capital lease where such lease or similar agreement was not required to be so treated under GAAP as in effect on the date hereof (any such change being referred to herein as a "Lease Accounting GAAP Change"); provided, further, that, if the Company notifies the Administrative Agent that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Company that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Company or any Subsidiary at "fair value", as defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting

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Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

SECTION 1.05. Currency Equivalents Generally. For the purposes of determining compliance with Sections 6.01 and 6.02 with respect to any amount of Indebtedness or Investment in euro, Pounds Sterling, Japanese Yen and any other hard currency (other than Dollars) which is freely traded and convertible into Dollars in the London interbank market and for which the Dollar Amount thereof can be readily calculated, no Default shall be deemed to have occurred solely as a result of changes in rates of exchange occurring after the time such Indebtedness or Investment is incurred.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans to the Borrowers in Agreed Currencies from time to time during the Availability Period in an aggregate principal amount that will not result in (a) subject to Sections 2.04 and 2.11(b), the Dollar Amount of such Lender' s Revolving Credit Exposure exceeding the Dollar Amount of such Lender' s Commitment, (b) subject to Sections 2.04 and 2.11(b), the sum of the total Dollar Amount of the Revolving Credit Exposures exceeding the Aggregate Commitment or (c) subject to Sections 2.04 and 2.11(b), the Dollar Amount of the total outstanding Revolving Loans and LC Exposure, in each case denominated in Foreign Currencies, exceeding the

Foreign Currency Sublimit. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Revolving Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender' s failure to make Loans as required. Any Swingline Loan shall be made in accordance with the procedures set forth in Section 2.05.

(b)Subject to Section 2.14, each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the relevant Borrower may request in accordance herewith; provided that each ABR Loan shall only be made in Dollars. Each Swingline Loan shall be an ABR Loan. Subject to the provisions of Section 2.19(a), each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.14, 2.15, 2.16 and 2.17 shall apply to such Affiliate to the same extent as to such Lender); provided that any exercise of such option shall not affect the obligation of the relevant Borrower to repay such Loan in accordance with the terms of this Agreement.

(c)At the commencement of each Interest Period for any Eurocurrency Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 (or, if such Borrowing is denominated in a Foreign Currency, 1,000,000 units of such currency) and not less than $5,000,000 (or, if such Borrowing is denominated in a Foreign Currency 5,000,000 units of such currency). At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $3,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of

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the Aggregate Commitment or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e). Each Swingline Loan shall be in an amount that is an integral multiple of $500,000 and not less than $500,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of twelve (12) Eurocurrency Revolving Borrowings outstanding.

(d)Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

(e)The initial borrowing from any Lender to the Dutch Borrower shall be at least 50,000 (or its equivalent in another currency) or any other amount that will from time to time be applicable under section 3(2) under a and/or b of the Dutch Decree on Definitions Wft (*Besluit definitiebepalingen Wft*), or, if it is less, that Lender shall confirm in writing to the Dutch Borrower that it is a professional market party within the meaning of the FSA.

SECTION 2.03. Requests for Revolving Borrowings. To request a Revolving Borrowing, the applicable Borrower shall notify the Administrative Agent of such request (a) (i) by telephone in the case of a Eurocurrency Borrowing, not later than 11:00 a.m., Local Time, three (3) Business Days (in the case of a Eurocurrency Borrowing denominated in Dollars) and (ii) by irrevocable written notice (via a written Borrowing Request in a form approved by the Administrative Agent and signed by such Borrower, or the Company on its behalf) not later than four (4) Business Days (in the case of a Eurocurrency Borrowing denominated in a Foreign Currency), in each case before the date of the proposed Borrowing or (b) by telephone in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, one (1) Business Day before the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e) may be given not later than 10:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request

in a form approved by the Administrative Agent and signed by the applicable Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;

(iv) in the case of a Eurocurrency Borrowing, the Agreed Currency and initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the applicable Borrower' s account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no election as to the Type of Revolving Borrowing is specified, then, in the case of a Borrowing denominated in Dollars, the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Revolving Borrowing, then the relevant Borrower shall be deemed to have selected an Interest Period of one month' s duration. Promptly

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following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender' s Loan to be made as part of the requested Borrowing.

SECTION 2.04. Determination of Dollar Amounts. The Administrative Agent will determine the Dollar Amount of:

(a) each Eurocurrency Borrowing as of the date two (2) Business Days prior to the date of such Borrowing or, if applicable, date of conversion/continuation of any Borrowing as a Eurocurrency Borrowing,

(b) the LC Exposure as of the date of each request for the issuance, amendment, renewal or extension of any Letter of Credit, and

(c) all outstanding Credit Events on and as of the last Business Day of each calendar quarter and, during the continuation of an Event of Default, on any other Business Day elected by the Administrative Agent in its discretion or upon instruction by the Required Lenders.

Each day upon or as of which the Administrative Agent determines Dollar Amounts as described in the preceding clauses (a), (b) and (c) is herein described as a "Computation Date" with respect to each Credit Event for which a Dollar Amount is determined on or as of such day.

SECTION 2.05. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans in Dollars to the Company from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding $50,000,000 or (ii) the Dollar Amount of the total Revolving Credit Exposures exceeding the Aggregate Commitment; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Company may borrow, prepay and reborrow Swingline Loans.

(b)To request a Swingline Loan, the Company shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 12:00 noon, New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Company. The Swingline Lender shall make each Swingline Loan available to the Company by means of a credit to the general deposit account of the Company with the Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e), by remittance to the Issuing Bank) by 3:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c)The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender' s Applicable Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender' s Applicable Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not

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be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Company of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Company (or other party on behalf of the Company) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Company for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Company of any default in the payment thereof.

SECTION 2.06. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Company may request the issuance of Letters of Credit denominated in Agreed Currencies for its own account, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time during the Availability Period. Notwithstanding the foregoing, the letters of credit identified on Schedule 2.06 (the "Existing Letters of Credit") shall be deemed to be "Letters of Credit" issued on the Effective Date for all purposes of the Loan Documents. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Company to, or entered into by the Company with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control; provided, however, if the Issuing Bank is requested to issue Letters of Credit with respect to a jurisdiction the Issuing Bank deems, in its reasonable judgment, may at any time subject it to a New Money Credit Event or a Country Risk Event, the Company shall, at the request of the Issuing Bank, guaranty and indemnify the Issuing Bank against any and all costs, liabilities and losses resulting from such New Money Credit Event or Country Risk Event, in each case in a form and substance reasonably satisfactory to the Issuing Bank.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Company shall hand deliver or telecopy (or

transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the Agreed Currency applicable thereto, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Company also shall submit a letter of credit application on the Issuing Bank' s standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Company shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) subject to Sections 2.04 and 2.11(b), the Dollar Amount of the LC Exposure shall not exceed

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$100,000,000, (ii) subject to Sections 2.04 and 2.11(b), the sum of the Dollar Amount of the total Revolving Credit Exposures shall not exceed the Aggregate Commitment, (iii) subject to Sections 2.04 and 2.11(b), the Dollar Amount of the sum of the total outstanding Revolving Loans and LC Exposure, in each case denominated in Foreign Currencies, shall not exceed the Foreign Currency Sublimit and (iv) subject to Sections 2.04 and 2.11(b), following the effectiveness of any Maturity Date Extension Request, the Dollar Amount of the LC Exposure in respect of all Letters of Credit having an expiration date after the second Business Day prior to the Existing Maturity Date shall not exceed the Aggregate Commitment of the Consenting Lenders extended pursuant to Section 2.25.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five (5) Business Days prior to the Maturity Date. For the avoidance of doubt, if the Maturity Date shall be extended pursuant to Section 2.25, "Maturity Date" as referenced in this clause (c) shall refer to the Maturity Date as extended pursuant to Section 2.25; provided that, notwithstanding anything in this Agreement (including Section 2.25 hereof) or any other Loan Document to the contrary, the Maturity Date, as such term is used in reference to the Issuing Bank or any Letter of Credit issued thereby, may not be extended without the prior written consent of the Issuing Bank.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender' s Applicable Percentage of the aggregate Dollar Amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender' s Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Company on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Company for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Company shall reimburse such LC Disbursement by paying to the Administrative Agent in Dollars the Dollar Amount equal to such LC Disbursement, calculated as of the date the Issuing Bank made such LC Disbursement (or if the Issuing Bank shall so elect in its sole discretion by notice to the Company, in such other Agreed Currency which was paid by the Issuing Bank pursuant to such LC Disbursement in an amount equal to such LC Disbursement) not later than 12:00 noon, Local Time, on the Business Day immediately following the day that the Company receives notice of such LC Disbursement; provided that, if such LC Disbursement is not less than the Dollar Amount of $1,000,000, the Company may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.05 that such payment be financed with an ABR Revolving Borrowing or Swingline Loan in an equivalent Dollar

Amount of such LC Disbursement and, to the extent so financed, the Company' s obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan. If the Company fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Company in respect thereof and such Lender' s Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable

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Percentage of the payment then due from the Company, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Company pursuant to this paragraph, the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Company of its obligation to reimburse such LC Disbursement. If the Company' s reimbursement of, or obligation to reimburse, any amounts in any Foreign Currency would subject the Administrative Agent, the Issuing Bank or any Lender to any stamp duty, ad valorem charge or similar tax that would not be payable if such reimbursement were made or required to be made in Dollars, the Company shall, at its option, either (x) pay the amount of any such tax requested by the Administrative Agent, the Issuing Bank or the relevant Lender or (y) reimburse each LC Disbursement made in such Foreign Currency in Dollars, in an amount equal to the Equivalent Amount, calculated using the applicable Exchange Rates, on the date such LC Disbursement is made, of such LC Disbursement.

(f) Obligations Absolute. The Company' s obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Company' s obligations hereunder. Neither the Administrative Agent, the Lenders nor the Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Company to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Company to the extent permitted by applicable law) suffered by the Company that are caused by the Issuing Bank' s failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Company by telephone (confirmed by telecopy) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Company of its obligation to reimburse the Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless the Company shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Company reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans (or in the case such LC Disbursement is denominated in a Foreign Currency, at the Overnight Foreign Currency Rate for such Agreed Currency plus the then effective Applicable Rate with respect to Eurocurrency Revolving Loans); provided that, if the Company fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse the Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of Issuing Bank. The Issuing Bank may be replaced at any time by written agreement among the Company, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Company shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit then outstanding and issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Company receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Company shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders (the "LC Collateral Account"), an amount in cash equal to 105% of the Dollar Amount of the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that (i) the portions of such amount attributable to undrawn Foreign Currency Letters of Credit or LC Disbursements in a Foreign Currency that the Company is not late in reimbursing shall be deposited in the applicable Foreign Currencies in the actual amounts of such undrawn Letters of Credit and LC Disbursements and (ii) the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Company described in clause (h) or (i) of Article VII. For the purposes of this paragraph, the Foreign Currency LC Exposure shall be calculated using the applicable Exchange Rate on the date notice demanding cash collateralization is delivered to the Company. The Company also shall deposit cash collateral pursuant to

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this paragraph as and to the extent required by Section 2.11(b). Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Obligations. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account and the Company hereby grants the Administrative Agent a security interest in the LC Collateral Account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Company' s risk and expense, such deposits shall not bear interest. Interest or

profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Company for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other Obligations. If the Company is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Company within three (3) Business Days after all Events of Default have been cured or waived.

(k)Conversion. In the event that the Loans become immediately due and payable on any date pursuant to Article VII, all amounts (i) that the Company is at the time or thereafter becomes required to reimburse or otherwise pay to the Administrative Agent in respect of LC Disbursements made under any Foreign Currency Letter of Credit (other than amounts in respect of which the Company has deposited cash collateral pursuant to paragraph (j) above, if such cash collateral was deposited in the applicable Foreign Currency to the extent so deposited or applied), (ii) that the Lenders are at the time or thereafter become required to pay to the Administrative Agent and the Administrative Agent is at the time or thereafter becomes required to distribute to the Issuing Bank pursuant to paragraph (e) of this Section in respect of unreimbursed LC Disbursements made under any Foreign Currency Letter of Credit and (iii) of each Lender' s participation in any Foreign Currency Letter of Credit under which an LC Disbursement has been made shall, automatically and with no further action required, be converted into the Dollar Amount, calculated using the Administrative Agent' s currency exchange rates on such date (or in the case of any LC Disbursement made after such date, on the date such LC Disbursement is made), of such amounts. On and after such conversion, all amounts accruing and owed to the Administrative Agent, the Issuing Bank or any Lender in respect of the obligations described in this paragraph shall accrue and be payable in Dollars at the rates otherwise applicable hereunder.

SECTION 2.07. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds (i) in the case of Loans denominated in Dollars to the Company, by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders, (ii) in the case of Loans denominated in Dollars to the Dutch Borrower, by 12:00 Noon, Local Time in the city designated by the Administrative Agent for such purposes, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders and (iii) in the case of each Loan denominated in a Foreign Currency, by 12:00 noon, Local Time, in the city of the Administrative Agent' s Eurocurrency Payment Office for such currency and at such Eurocurrency Payment Office for such currency; provided that Swingline Loans shall be made as provided in Section 2.05. The Administrative Agent will make such Loans available to the relevant Borrower by promptly crediting the amounts so received, in like funds, to (x) an account of the Company maintained with the Administrative Agent in New York City or Chicago and designated by the Company in the applicable Borrowing Request, in the case of Loans denominated in Dollars to the Company and (y) an account of such Borrower in the relevant jurisdiction and designated by such Borrower in the applicable Borrowing Request, in the case of Loans denominated in a Foreign Currency or to the Dutch Borrower; provided that

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ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e) shall be remitted by the Administrative Agent to the Issuing Bank.

(b)Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender' s share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the relevant Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and such Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to such Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by

the Administrative Agent in accordance with banking industry rules on interbank compensation (including without limitation the Overnight Foreign Currency Rate in the case of Loans denominated in a Foreign Currency) or (ii) in the case of such Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender' s Loan included in such Borrowing.

SECTION 2.08. Interest Elections. (a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the relevant Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. A Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b)To make an election pursuant to this Section, a Borrower shall notify the Administrative Agent of such election (by telephone or irrevocable written notice in the case of a Borrowing denominated in Dollars or by irrevocable written notice (via an Interest Election Request in a form approved by the Administrative Agent and signed by such Borrower) in the case of a Borrowing denominated in a Foreign Currency) by the time that a Borrowing Request would be required under Section 2.03 if such Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the relevant Borrower. Notwithstanding any contrary provision herein, this Section shall not be construed to permit any Borrower to (i) change the currency of any Borrowing, (ii) elect an Interest Period for Eurocurrency Loans that does not comply with Section 2.02(d) or (iii) convert any Borrowing to a Borrowing of a Type not available under the Class of Commitments pursuant to which such Borrowing was made.

(c)Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be

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allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period and Agreed Currency to be applicable thereto after giving effect to such election, which Interest Period shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the applicable Borrower shall be deemed to have selected an Interest Period of one month' s duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender' s portion of each resulting Borrowing.

(e) If the relevant Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period (i) in the case of a Borrowing denominated in Dollars, such Borrowing shall be converted to an ABR Borrowing and (ii) in the case of a Borrowing denominated in a Foreign Currency, such Borrowing shall automatically continue as a Eurocurrency Borrowing in the same Agreed Currency with an Interest Period of one month unless (x) such Eurocurrency Borrowing is or was repaid in accordance with Section 2.11 or (y) the applicable Borrower shall have given the Administrative Agent an Interest Election Request requesting that, at the end of such Interest Period, such Eurocurrency Borrowing continue as a Eurocurrency Borrowing for the same or another Interest Period. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Company, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing may be converted to or continued as a Eurocurrency Borrowing, (ii) unless repaid, each Eurocurrency Revolving Borrowing in Dollars shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto and (iii) unless repaid, each Eurocurrency Revolving Borrowing in a Foreign Currency shall automatically be continued as a Eurocurrency Borrowing with an Interest Period of one month.

SECTION 2.09. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Company may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of $5,000,000 and not less than $5,000,000 and (ii) the Company shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the Dollar Amount of the sum of the Revolving Credit Exposures would exceed the Aggregate Commitment.

(c) The Company shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof.

Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Company pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Company may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Company (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.10. Repayment of Loans; Evidence of Debt. (a) Each Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan made to such Borrower on the Maturity Date in the currency of such Loan and (ii) in the case of the Company, to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two (2) Business Days after such Swingline Loan is made; provided that on each date that a Revolving Borrowing is made, the Company shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class, Agreed Currency and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender' s share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it to any Borrower be evidenced by a promissory note. In such event, the relevant Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the payee and its registered assigns.

SECTION 2.11. Prepayment of Loans.

(a) Any Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with the provisions of this Section 2.11(a). The applicable Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurocurrency Revolving Borrowing, not later than 11:00 a.m., Local Time, three (3) Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Revolving Borrowing, not later than 11:00 a.m., New York City time, one (1) Business Day

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before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.13 and (ii) break funding payments pursuant to Section 2.16.

(b) If at any time, (i) other than as a result of fluctuations in currency exchange rates, (A) the sum of the aggregate principal Dollar Amount of all of the Revolving Credit Exposures (calculated, with respect to those Credit Events denominated in Foreign Currencies, as of the most recent Computation Date with respect to each such Credit Event) exceeds the Aggregate Commitment or (B) the sum of the aggregate principal Dollar Amount of all of the outstanding Revolving Credit Exposures denominated in Foreign Currencies (the "Foreign Currency Exposure") (so calculated), as of the most recent Computation Date with respect to each such Credit Event, exceeds the Foreign Currency Sublimit or (ii) solely as a result of fluctuations in currency exchange rates, (A) the sum of the aggregate principal Dollar Amount of all of the Revolving Credit Exposures (so calculated) exceeds 105% of the Aggregate Commitment or (B) the Foreign Currency Exposure, as of the most recent Computation Date with respect to each such Credit Event, exceeds 105% of the Foreign Currency Sublimit, the Borrowers shall in each case immediately repay Borrowings or cash collateralize LC Exposure in an account with the Administrative Agent pursuant to Section 2.06(j), as applicable, in an aggregate

principal amount sufficient to cause (x) the aggregate Dollar Amount of all Revolving Credit Exposures (so calculated) to be less than or equal to the Aggregate Commitment and (y) the Foreign Currency Exposure to be less than or equal to the Foreign Currency Sublimit, as applicable.

SECTION 2.12. Fees. (a)The Company agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the Applicable Rate on the average daily amount of the Available Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which such Commitment terminates; provided that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such commitment fee shall continue to accrue on the average daily amount of such Lender' s Revolving Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any commitment fees accruing after the date on which the Commitments terminate shall be payable on demand. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b)The Company agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurocurrency Revolving Loans on the average daily Dollar Amount of such Lender' s LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender' s Commitment terminates and the date on which such Lender ceases to have any LC Exposure and (ii) to the Issuing Bank a fronting fee, which

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shall accrue at the rate of 0.125% per annum on the average daily Dollar Amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) attributable to Letters of Credit issued by the Issuing Bank during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank' s standard fees and commissions with respect to the issuance, amendment, cancellation, negotiation, transfer, presentment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Unless otherwise specified above, participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within ten (10) days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c)The Company agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Company and the Administrative Agent.

(d)All fees payable hereunder shall be paid on the dates due, in Dollars (except as otherwise expressly provided in this Section 2.12) and immediately available funds, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b)The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c)Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by any Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d)Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e)All interest hereunder shall be computed on the basis of a year of 360 days, except that interest (i) computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year)

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and (ii) for Borrowings denominated in Pounds Sterling shall be computed on the basis of a year of 365 days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a)the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b)the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the applicable Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the applicable Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurocurrency Borrowing shall be ineffective and (A) in the case of a Eurocurrency Borrowing denominated in Dollars, such Borrowing shall be converted to an ABR Borrowing unless such notice is previously rescinded by the applicable Borrower and (B) in the case of a Eurocurrency Borrowing denominated in a Foreign Currency, such Eurocurrency Borrowing shall be repaid on the last day of the then current Interest Period applicable thereto and (ii) if any Borrowing Request requests a Eurocurrency Revolving Borrowing in Dollars, such Borrowing shall be made as an ABR Borrowing unless such notice is previously rescinded by the applicable Borrower (and if any Borrowing Request requests a Eurocurrency Revolving Borrowing denominated in a Foreign Currency, such Borrowing Request shall be ineffective); provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or the Issuing Bank;

(ii) impose on any Lender or the Issuing Bank or the London interbank market any other condition, cost or expense affecting this Agreement or Eurocurrency Loans made by such Lender or any Letter of Credit or participation therein; or

(iii) subject the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payments to be made by or on account of any obligation of any Borrower hereunder to any Taxes on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto (other than (A) Indemnified Taxes, (B) Excluded Taxes or (C) Other Taxes);

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and the result of any of the foregoing shall be to increase the cost to such Person of making or maintaining any Loan or of maintaining its obligation to make any such Loan (including, without limitation, pursuant to any conversion of any Borrowing denominated in an Agreed Currency into a Borrowing denominated in any other Agreed Currency) or to increase the cost to such Person of participating in, issuing or maintaining any Letter of Credit (including, without limitation, pursuant to any conversion of any Borrowing denominated in an Agreed Currency into a Borrowing denominated in any other Agreed Currency) or to reduce the amount of any sum received or receivable by such Person hereunder, whether of principal, interest or otherwise (including, without limitation, pursuant to any conversion of any Borrowing denominated in an Agreed Currency into a Borrowing denominated in any other Agreed Currency), then the applicable Borrower will pay to such Person, upon receipt of a written request therefor, such additional amount or amounts as will compensate such Person for such additional costs incurred or reduction suffered as reasonably determined by such Person (which determination shall be made in good faith (and not on an arbitrary or capricious basis) and amounts charged by such Person to such Borrower shall be consistent with amounts charged to similarly situated customers (as reasonably determined by such Person) of the applicable Person under agreements having provisions similar to this Section 2.15).

(b)If any Lender or the Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender' s or the Issuing Bank' s capital or on the capital of such Lender' s or the Issuing Bank' s holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender' s or the Issuing Bank' s holding company could have achieved but for such Change in Law (taking into consideration such Lender' s or the Issuing Bank' s policies and the policies of such Lender' s or the Issuing Bank' s holding company with respect to capital adequacy), then from time to time the applicable Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender' s or the Issuing Bank' s holding company for any such reduction suffered.

(c)A certificate of a Lender or the Issuing Bank or other applicable Person setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section (and setting forth in reasonable detail the manner in which such amount or amounts have been determined) shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall pay, or cause the Dutch Borrower to pay, such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d)Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender' s or the Issuing Bank' s right to demand such compensation; provided that the Company shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such Lender or the Issuing Bank, as the case may be, notifies the Company of the Change in Law giving rise to such increased costs or reductions and of such Lender' s or the Issuing Bank' s intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.11), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable

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thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(a) and is revoked in accordance therewith) or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Company pursuant to Section 2.19, then, in any such event, the applicable Borrower shall compensate each Lender for the loss, cost and expense (but excluding loss of anticipated profits) attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the relevant currency of a comparable amount and period from other banks in the eurocurrency market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the applicable Borrower and shall be conclusive absent manifest error. The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of any Borrower hereunder shall be made free and clear of and without deduction or withholding for any Indemnified Taxes or Other Taxes; provided that if any Borrower shall be required to deduct or withhold any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional sums payable under this Section 2.17(a)) the Administrative Agent, Lender or Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions or withholdings been made, (ii) such Borrower shall make such deductions or withholdings and (iii) such Borrower shall pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law.

(b)In addition, the applicable Borrower shall pay any Other Taxes imposed on or incurred by the Administrative Agent, a Lender or the Issuing Bank to the relevant Governmental Authority in accordance with applicable law.

(c)The applicable Borrower shall indemnify the Administrative Agent, each Lender and the Issuing Bank, within ten (10) days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or the Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of such Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.17(c)) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate

as to the amount of such payment or liability delivered to the applicable Borrower by a Lender or the Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or the Issuing Bank, shall be conclusive absent manifest error.

(d)As soon as practicable after any payment of Indemnified Taxes or Other Taxes by any Borrower to a Governmental Authority, such Borrower shall deliver or cause to be delivered to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e)Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments made under any Loan Document shall deliver to the applicable Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by such Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law or reasonably requested by such Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by a Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in clauses (i) and (ii) below of this Section 2.17(e) shall not be required if in the applicable Lender' s reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

Without limiting the generality of the foregoing, in the event that the Borrower is the Company, each Lender agrees to deliver to the Company and the Administrative Agent on or prior to the Effective Date, or in the case of a Lender that is an assignee or transferee of an interest under this Agreement pursuant to Section 9.04, such assignee or transferee shall deliver to the Company and the Administrative Agent on or before the date such assignee or transferee becomes a party to this Agreement, the following:

(i) any Lender that is a U.S. person within the meaning of Section 7701(a)(30) of the Code shall deliver to the Company and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(ii) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Company and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), whichever of the following is applicable:

(A) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of a valid IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty, the W8-BEN must include a valid U.S. taxpayer identification number for the recipient of the interest income to the extent such recipient has such a number;

(B) executed originals of IRS Form W-8ECI;

(C) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code (the "portfolio interest exemption"), (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Non-U.S. Lender is not a

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"bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10-percent shareholder" of the Company within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Certificate") and (y) executed originals of IRS Form W-8BEN; or

(D) to the extent a Non-U.S. Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Non-U.S. Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(iii) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Company and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Company or the Administrative Agent to determine the withholding or deduction required to be made.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the applicable Borrower and the Administrative Agent in writing of its legal inability to do so.

(f)If the Administrative Agent or a Lender determines, in good faith that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the relevant Borrower or with respect to which the relevant Borrower has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to such Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that such Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to such Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrowers or any other Person.

(g)Each Lender shall severally indemnify the Administrative Agent for any Taxes (but, in the case of any Indemnified Taxes or Other Taxes, only to the extent that the relevant Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes or Other Taxes and without limiting the obligation of the relevant Borrower to do so) attributable to such Lender that are paid or payable by the Administrative Agent in connection with this Agreement and any reasonable expenses arising therefrom or with respect thereto, whether or not such amounts were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 2.17(g) shall be paid within ten (10) days after the Administrative Agent delivers to the applicable Lender a certificate

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stating the amount so paid or payable by the Administrative Agent. Such certificate shall be conclusive of the amount so paid or payable absent manifest error.

(h)If a payment made to a Lender under this Agreement would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Company and the Administrative Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Company or the Administrative Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Administrative Agent as may be necessary for the Company and the Administrative Agent to comply with its obligations under FATCA, to determine that such Lender has or has not complied with such Lender' s obligations under FATCA and, as necessary, to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.17(h), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Each Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to (i) in the case of payments denominated in Dollars by the Company, 12:00 noon, New York City time and (ii) in the case of payments denominated in a Foreign Currency or by the Dutch Borrower, 12:00 noon, Local Time, in the city of the Administrative Agent' s Eurocurrency Payment Office for such currency, in each case on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made (i) in the same currency in which the applicable Credit Event was made (or where such currency has been converted to euro, in euro) and (ii) to the Administrative Agent (x) at its offices at 10 South Dearborn Street, Chicago, Illinois 60603 in the case of any Credit Event with respect to the Company denominated in Dollars, (y) at the office most recently designated for such purposes in a notice to the Lenders, in the case of a Credit Event with respect to the Dutch Borrower denominated in Dollars or (z) in the case of a Credit Event denominated in a Foreign Currency, the Administrative Agent' s Eurocurrency Payment Office for such currency, except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments denominated in the same currency received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. Notwithstanding the foregoing provisions of this Section, if, after the making of any Credit Event in any Foreign Currency, currency control or exchange regulations are imposed in the country which issues such currency with the result that the type of currency in which the Credit Event was made (the "Original Currency") no longer exists or any Borrower is not able to make payment to the Administrative Agent for the account of the Lenders in such Original Currency, then all payments to be made by such Borrower hereunder in such currency shall instead be made when due in Dollars in an amount equal to the Dollar Amount (as of the date of repayment) of such payment due, it being the intention of the parties hereto that the Borrowers take all risks of the imposition of any such currency control or exchange regulations.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due

hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) At the election of the Administrative Agent, all payments of principal, interest, LC Disbursements, fees, premiums, reimbursable expenses (including, without limitation, all reimbursement for fees and expenses pursuant to Section 9.03), and other sums payable under the Loan Documents, may be paid from the proceeds of Borrowings made hereunder whether made following a request by a Borrower pursuant to Section 2.03 or a deemed request as provided in this Section or may be deducted from any deposit account of such Borrower maintained with the Administrative Agent. Each Borrower hereby irrevocably authorizes (i) the Administrative Agent to make a Borrowing for the purpose of paying each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents and agrees that all such amounts charged shall constitute Loans (including Swingline Loans) and that all such Borrowings shall be deemed to have been requested pursuant to Sections 2.03, 2.04 or 2.05, as applicable and (ii) the Administrative Agent to charge any deposit account of the relevant Borrower maintained with the Administrative Agent for each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents.

(d) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements and Swingline Loans to any assignee or participant, other than to the Company or any Subsidiary thereof (as to which the provisions of this paragraph shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

(e) Unless the Administrative Agent shall have received notice from the relevant Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to

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the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (including without limitation the Overnight Foreign Currency Rate in the case of Loans denominated in a Foreign Currency).

(f) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(c), 2.06(d) or (e), 2.07(b), 2.18(e) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof),

(i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender' s obligations under such Sections until all such unsatisfied obligations are fully paid and (ii) thereafter, hold any excess amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender under any such Section; in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b)If (i) any Lender requests compensation under Section 2.15, (ii) any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, (iii) any Lender becomes a Defaulting Lender or (iv) any Lender is a Declining Lender under Section 2.25, then the Company may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under the Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Company shall have received the prior written consent of the Administrative Agent (and if a Commitment is being assigned, the Issuing Bank), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply.

SECTION 2.20. Expansion Option. The Company may from time to time elect to increase the Commitments or enter into one or more tranches of term loans (each an "Incremental Term Loan"), in each case in minimum increments of $25,000,000 so long as, after giving effect thereto, the aggregate Dollar Amount of such increases and all such Incremental Term Loans does not exceed

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$250,000,000. The Company may arrange for any such increase or tranche to be provided by one or more Lenders (each Lender so agreeing to an increase in its Commitment, or to participate in such Incremental Term Loans, an "Increasing Lender"), or by one or more new banks, financial institutions or other entities (each such new bank, financial institution or other entity, an "Augmenting Lender"), to increase their existing Commitments, or to participate in such Incremental Term Loans, or extend Commitments, as the case may be; provided that (i) each Augmenting Lender, shall be subject to the approval of the Company and the Administrative Agent and (ii) (x) in the case of an Increasing Lender, the Company and such Increasing Lender execute an agreement substantially in the form of Exhibit C hereto, and (y) in the case of an Augmenting Lender, the Company and such Augmenting Lender execute an agreement substantially in the form of Exhibit D hereto. No consent of any Lender (other than the Lenders participating in the increase or any Incremental Term Loan) shall be required for any increase in Commitments or Incremental Term Loan pursuant to this Section 2.20. Increases and new Commitments and Incremental Term Loans created pursuant to this Section 2.20 shall become effective on the date agreed by the Company, the Administrative Agent and the relevant Increasing Lenders or Augmenting Lenders and the Administrative Agent shall notify each Lender thereof. Notwithstanding the foregoing, no increase in the Commitments (or in the Commitment of any Lender) or tranche of Incremental Term Loans shall become effective under this paragraph unless, (i) on the proposed date of the

effectiveness of such increase or Incremental Term Loans, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 shall be satisfied or waived by the Required Lenders (with all references in such Sections to a Borrowing being deemed to be references to such increase or incurrence of Incremental Term Loans) and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer of the Company and (B) in the event Incremental Term Loans are being incurred pursuant to this Section 2.20, the Company shall be in compliance (on a Pro Forma Basis reasonably acceptable to the Administrative Agent) with the covenants contained in Section 6.05 and (ii) the Administrative Agent shall have received documents consistent with those delivered on the Effective Date as to the corporate power and authority of the Borrowers to borrow hereunder after giving effect to such increase. On the effective date of any increase in the Commitments or any Incremental Term Loans being made, (i) each relevant Increasing Lender and Augmenting Lender shall make available to the Administrative Agent such amounts in immediately available funds as the Administrative Agent shall determine, for the benefit of the other Lenders, as being required in order to cause, after giving effect to such increase and the use of such amounts to make payments to such other Lenders, each Lender' s portion of the outstanding Revolving Loans of all the Lenders to equal its Applicable Percentage of such outstanding Revolving Loans, and (ii) except in the case of any Incremental Term Loans, the Borrowers shall be deemed to have repaid and reborrowed all outstanding Revolving Loans as of the date of any increase in the Commitments (with such reborrowing to consist of the Types of Revolving Loans, with related Interest Periods if applicable, specified in a notice delivered by the applicable Borrower in accordance with the requirements of Section 2.03). The deemed payments made pursuant to clause (ii) of the immediately preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each Eurocurrency Loan, shall be subject to indemnification by the Borrowers pursuant to the provisions of Section 2.16 if the deemed payment occurs other than on the last day of the related Interest Periods. The Incremental Term Loans (a) shall rank pari passu in right of payment with the Revolving Loans, (b) shall not mature earlier than the Maturity Date (but may have amortization prior to such date) and (c) shall be treated substantially the same as (and in any event no more favorably than) the Revolving Loans; provided that (i) the terms and conditions applicable to any tranche of Incremental Term Loans maturing after the Maturity Date may provide for different financial or other covenants applicable only during periods after the Maturity Date and (ii) the Incremental Term Loans may be priced differently than the Revolving Loans. Incremental Term Loans may be made hereunder pursuant to an amendment or restatement (an "Incremental Term Loan Amendment") of this Agreement and, as appropriate, the other Loan Documents, executed by the Borrowers, each Increasing Lender participating in such tranche, each Augmenting Lender participating in such tranche, if any, and the Administrative Agent. The Incremental Term Loan Amendment may, without the consent of any

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other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Section 2.20. Nothing contained in this Section 2.20 shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Commitment hereunder, or provide Incremental Term Loans, at any time.

SECTION 2.21. Market Disruption. Notwithstanding the satisfaction of all conditions referred to in Article II and Article IV with respect to any Credit Event to be effected in any Foreign Currency, if (i) there shall occur on or prior to the date of such Credit Event any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which would in the reasonable opinion of the Administrative Agent, the Issuing Bank (if such Credit Event is a Letter of Credit) or the Required Lenders make it impracticable for the Eurocurrency Borrowings or Letters of Credit comprising such Credit Event to be denominated in the Agreed Currency specified by the relevant Borrower or (ii) an Equivalent Amount of such currency is not readily calculable, then, the Administrative Agent shall forthwith give notice thereof to each Borrower, the Lenders and, if such Credit Event is a Letter of Credit, the Issuing Bank, and such Credit Events shall not be denominated in such Agreed Currency but shall, except as otherwise set forth in Section 2.07, be made on the date of such Credit Event in Dollars, (a) if such Credit Event is a Borrowing, in an aggregate principal amount equal to the Dollar Amount of the aggregate principal amount specified in the related Credit Event request or Interest Election Request, as the case may be, as ABR Loans, unless the applicable Borrower notifies the Administrative Agent at least one Business Day before such date that (i) it elects not to borrow on such date or (ii) it elects to borrow on such date in a different Agreed Currency, as the case may be, in which the denomination of such Loans would in the reasonable opinion of the Administrative Agent and the Required Lenders be practicable and in an aggregate principal amount equal to the Dollar Amount

of the aggregate principal amount specified in the related Credit Event request or Interest Election Request, as the case may be or (b) if such Credit Event is a Letter of Credit, in a face amount equal to the Dollar Amount of the face amount specified in the related request or application for such Letter of Credit requested by the Company, unless the Company notifies the Administrative Agent at least one (1) Business Day before such date that (i) it elects not to request the issuance of such Letter of Credit on such date or (ii) it elects to have such Letter of Credit issued on such date in a different Agreed Currency, as the case may be, in which the denomination of such Letter of Credit would in the reasonable opinion of the Issuing Bank, the Administrative Agent and the Required Lenders be practicable and in face amount equal to the Dollar Amount of the face amount specified in the related request or application for such Letter of Credit, as the case may be.

SECTION 2.22. Judgment Currency. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from any Borrower hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent' s main New York City office on the Business Day preceding that on which final, non-appealable judgment is given. The obligations of each Borrower in respect of any sum due to any Lender or the Administrative Agent by such Borrower hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Administrative Agent (as the case may be) of any sum adjudged to be so due in such other currency such Lender or the Administrative Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Lender or the Administrative Agent, as the case may be, in the specified currency, the applicable Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the

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Administrative Agent, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Lender or the Administrative Agent, as the case may be, in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 2.18, such Lender or the Administrative Agent, as the case may be, agrees to remit such excess to such Borrower.

SECTION 2.23. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a)fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.12(a);

(b)the Commitment and Revolving Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders or any other requisite Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.02); provided, that any amendment, waiver or other modification requiring the consent of all Lenders or all Lenders affected thereby shall require the consent of such Defaulting Lender in accordance with the terms hereof;

(c)if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) so long as no Event of Default has occurred and is continuing, all or any part of the Swingline Exposure and LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent (A) the sum of all non-Defaulting Lenders' Revolving Credit Exposures plus such Defaulting Lender' s Swingline Exposure and LC Exposure does not exceed the total of all non-

Defaulting Lenders' Commitments and (B) each non-Defaulting Lender' s Revolving Credit Exposure does not exceed such non-Defaulting Lender' s Commitment;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Company shall within two (2) Business Days following notice by the Administrative Agent (x) first, prepay such Swingline Exposure that has not been reallocated and (y) second, cash collateralize for the benefit of the Issuing Bank only the Borrowers' obligations corresponding to such Defaulting Lender' s LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.06(j) for so long as such LC Exposure is outstanding;

(iii) if the Company cash collateralizes any portion of such Defaulting Lender' s LC Exposure pursuant to clause (ii) above, the Borrowers shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) with respect to such Defaulting Lender' s LC Exposure during the period such Defaulting Lender' s LC Exposure is cash collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.12(a) and Section 2.12(b) shall be adjusted to give effect to such reallocation; and

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(v) if all or any portion of such Defaulting Lender' s LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Bank or any other Lender hereunder, all letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender' s LC Exposure shall be payable to the Issuing Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(d)so long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender' s then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Company in accordance with Section 2.23(c), and participating interests in any such newly made Swingline Loan or any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.23(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to a Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) the Swingline Lender or the Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless the Swingline Lender or the Issuing Bank, as the case may be, shall have entered into arrangements with the Company or such Lender, satisfactory to the Swingline Lender or the Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Company, the Swingline Lender and the Issuing Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender' s Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

SECTION 2.24. Designation of Dutch Borrower. The Company may at any time and from time to time designate the Dutch Subsidiary as the Dutch Borrower by delivery to the Administrative Agent of a Borrowing Subsidiary Agreement executed by such Subsidiary and the Company and the satisfaction of the other conditions precedent set forth in Section 4.03, and upon such delivery and satisfaction such Subsidiary shall for all purposes of this Agreement be the Dutch Borrower and a party to this Agreement until the Company or the Dutch Borrower shall have executed and delivered to the Administrative Agent a Borrowing Subsidiary Termination with respect to such Subsidiary, whereupon such Subsidiary shall cease to be the Dutch Borrower and a party to this Agreement. Notwithstanding the preceding sentence, no Borrowing Subsidiary Termination will become effective as to the Dutch Borrower at a time when any principal of or interest on any Loan to such Borrower shall be outstanding hereunder, provided that such Borrowing Subsidiary Termination shall be effective to terminate the right of the Dutch Borrower to make further Borrowings under this Agreement. As soon as practicable upon receipt of a Borrowing Subsidiary Agreement, the Administrative Agent shall furnish a copy thereof to each Lender.

SECTION 2.25. Extension of Maturity Date. (a) The Company may, by delivery of a Maturity Date Extension Request to the Administrative Agent (which shall promptly deliver a copy thereof to each of the Lenders) not less than thirty (30) days, and not more than ninety (90) days, prior to

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the then existing Maturity Date (the "Existing Maturity Date"), request that the Lenders extend the Existing Maturity Date in accordance with this Section 2.25. Each Maturity Date Extension Request shall (i) specify the date to which the Maturity Date is sought to be extended, (ii) specify the changes, if any, to the Applicable Rate to be applied in determining the interest payable on Loans of, and fees payable hereunder to, Consenting Lenders in respect of that portion of their Commitments (and related Loans) extended to such new Maturity Date and the time as of which such changes will become effective (which may be prior to the Existing Maturity Date), and (iii) specify any other amendments or modifications to this Agreement to be effected in connection with such Maturity Date Extension Request; provided that no such changes or modifications requiring approvals pursuant to Section 9.02(b) shall become effective prior to the then existing Maturity Date unless such other approvals have been obtained. In the event a Maturity Date Extension Request shall have been delivered by the Company, each Lender shall have the right (but not the obligation) to agree to the extension of the Existing Maturity Date and other matters contemplated thereby on the terms and subject to the conditions set forth therein (each Lender agreeing to the Maturity Date Extension Request being referred to herein as a "Consenting Lender" and each Lender not agreeing thereto being referred to herein as a "Declining Lender"), which right may be exercised by written notice thereof, specifying the maximum amount of the Commitment of such Lender with respect to which such Lender agrees to the extension of the Maturity Date, delivered to the Company (with a copy to the Administrative Agent) not later than a date (a "Response Date") to be agreed upon by the Company and the Administrative Agent following the date on which the Maturity Date Extension Request shall have been delivered by the Borrower (it being understood that (x) any Lender that shall have failed to exercise such right as set forth above shall be deemed to be a Declining Lender and (y) any Response Date shall be no earlier than fourteen (14) days after the applicable Maturity Date Extension Request has been delivered to the Lenders). If a Lender elects to extend only a portion of its then existing Commitment, it will be deemed for purposes hereof to be a Consenting Lender in respect of such extended portion and a Declining Lender in respect of the remaining portion of its Commitment. If Consenting Lenders shall have agreed to such Maturity Date Extension Request in respect of Commitments held by them, then, subject to paragraph (d) of this Section, on the date specified in the Maturity Date Extension Request as the effective date thereof (the "Extension Effective Date"), (i) the Existing Maturity Date of the applicable Commitments shall, as to the Consenting Lenders, be extended to such date as shall be specified therein, (ii) the terms and conditions of the Commitments of the Consenting Lenders (including interest and fees (including Letter of Credit fees) payable in respect thereof), shall be modified as set forth in the Maturity Date Extension Request and (iii) such other modifications and amendments hereto specified in the Maturity Date Extension Request shall (subject to any required approvals (including those of the Required Lenders) having been obtained) become effective.

(b) Notwithstanding the foregoing, the Borrower shall have the right, in accordance with the provisions of Sections 2.19 and 9.04, at any time prior to the Existing Maturity Date, to replace a Declining Lender (for the avoidance of doubt, only in respect of that portion of such Lender' s Commitments subject to a Maturity Date Extension Request that it has not agreed to extend) with a

Lender, or other financial institution approved by the Administrative Agent (such approval not to be unreasonably withheld or delayed), that will agree to such Maturity Date Extension Request, and any such replacement Lender shall for all purposes constitute a Consenting Lender in respect of the Commitment assigned to and assumed by it on and after the effective time of such replacement.

(c) If a Maturity Date Extension Request has become effective hereunder:

(i) not later than the fifth (5^{th}) Business Day prior to the Existing Maturity Date, the Borrower shall make prepayments of Loans and shall provide cash collateral in respect of Letters of Credit in the manner set forth in Section 2.11, such that, after giving effect to such prepayments and such provision of cash collateral, the aggregate Revolving

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Credit Exposures outstanding as of such date will not exceed the aggregate Commitments of the Consenting Lenders extended pursuant to this Section 2.21 (and the Company shall not be permitted thereafter to request any Loan or any issuance, amendment, renewal or extension of a Letter of Credit if, after giving effect thereto, the aggregate Revolving Credit Exposures outstanding would exceed the aggregate amount of the Commitments so extended); and

(ii) on the Existing Maturity Date, the Commitment of each Declining Lender shall, to the extent not assumed, assigned or transferred as provided in paragraph (b) of this Section, terminate, and the Borrower shall repay all the Revolving Loans of each Declining Lender, to the extent such Revolving Loans shall not have been so purchased, assigned and transferred, in each case together with accrued and unpaid interest and all fees and other amounts owing to such Declining Lender hereunder (accordingly, the Commitment of any Consenting Lender shall, to the extent the amount of such Commitment exceeds the amount set forth in the notice delivered by such Lender pursuant to paragraph (a) of this Section, be permanently reduced by the amount of such excess, and the Company shall prepay the proportionate part of the outstanding Revolving Loans of such Consenting Lender, in each case together with accrued and unpaid interest thereon to but excluding the Existing Maturity Date and all fees and other amounts payable in respect thereof on or prior to the Existing Maturity Date), it being understood that such repayments may be funded with the proceeds of new Revolving Borrowings made simultaneously with such repayments by the Consenting Lenders, which such Revolving Borrowings shall be made ratably by the Consenting Lenders in accordance with their extended Commitments.

(d) Notwithstanding the foregoing, no Maturity Date Extension Request shall become effective hereunder unless, on the Extension Effective Date, (i) the conditions set forth in Section 4.02 shall be satisfied (with all references in such Section to a Borrowing being deemed to be references to such Maturity Date Extension Request) and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer and (ii) the Administrative Agent shall have received customary corporate authorization documents to the extent reasonably required by the Administrative Agent.

(e) Notwithstanding any provision of this Agreement to the contrary, it is hereby agreed that no extension of an Existing Maturity Date in accordance with the express terms of this Section 2.25, or any amendment or modification of the terms and conditions of the Commitments and Revolving Loans of the Consenting Lenders effected pursuant thereto, shall be deemed to (i) violate the last sentence of Section 2.09(c) or Section 2.18(b) or 2.18(c) or any other provision of this Agreement requiring the ratable reduction of Commitments or the ratable sharing of payments or (ii) require the consent of all Lenders or all affected Lenders under Section 9.02(b).

(f) The Borrower, the Administrative Agent and the Consenting Lenders may enter into an amendment to this Agreement to effect such modifications as may be necessary to reflect the terms of any Maturity Date Extension Request that has become effective in accordance with the provisions of this Section 2.25.

SECTION 2.26. Liability of Dutch Subsidiary. The Dutch Subsidiary shall not be liable (whether severally or jointly) for the any Loans made to or Borrowings by the Company (including related costs, expenses and interest) or the obligations, liabilities, costs, expenses, covenants, warranties and undertakings of the Company under or pursuant to this Agreement. The Dutch Subsidiary shall

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solely and exclusively be liable for the due and outstanding Borrowing and Loans made to the Dutch Borrower (and any related costs, expenses and interest related thereto).

ARTICLE III
Representations and Warranties

The Company represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers; Subsidiaries. Each of the Company and its Subsidiaries is duly organized, validly existing and in good standing (to the extent such concept is applicable in the relevant jurisdiction) under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing (to the extent such concept is applicable) in, every jurisdiction where such qualification is required. Schedule 3.01 hereto (as supplemented from time to time) identifies each Subsidiary, noting whether such Subsidiary is a Material Domestic Subsidiary, the jurisdiction of its incorporation or organization, as the case may be, the percentage of issued and outstanding shares of each class of its capital stock or other equity interests owned by the Company and the other Subsidiaries and, if such percentage is not 100% (excluding directors' qualifying shares as required by law), a description of each class issued and outstanding. All of the outstanding shares of capital stock and other equity interests of each Subsidiary are validly issued and outstanding and fully paid and nonassessable and all such shares and other equity interests indicated on Schedule 3.01 as owned by the Company or another Subsidiary are owned, beneficially and of record, by the Company or any Subsidiary free and clear of all Liens other than Permitted Encumbrances. Except as specified on Schedule 3.01, there are no outstanding commitments or other obligations of the Company or any Subsidiary to issue, and no options, warrants or other rights of any Person to acquire, any shares of any class of capital stock or other equity interests of the Company or any Subsidiary.

SECTION 3.02. Authorization; Enforceability. The Transactions are within each Loan Party' s organizational powers and have been duly authorized by all necessary organizational actions and, if required, actions by equity holders. The Loan Documents to which each Loan Party is a party have been duly executed and delivered by such Loan Party and constitute a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Company or any of its Subsidiaries or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, material agreement or other material instrument binding upon the Company or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the Company or any of its Subsidiaries, and (d) will not result in the creation or imposition of any Lien on any asset of the Company or any of its Subsidiaries.

SECTION 3.04. Financial Condition; No Material Adverse Change. (a) The Company has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the fiscal year

ended December 31, 2010 reported on by Deloitte & Touche LLP, independent public accountants, and (ii) as of and for the fiscal quarter and

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the portion of the fiscal year ended June 30, 2011, certified by its chief financial officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Company and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b)Since December 31, 2010, there has been no material adverse change in the business, assets, operations or condition, financial or otherwise, of the Company and its Subsidiaries, taken as a whole.

SECTION 3.05. Properties. (a) Each of the Company and its Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b)Each of the Company and its Subsidiaries owns, or has the right to use, all trademarks, tradenames, copyrights, patents and other intellectual property necessary for the conduct of its business, and the use thereof by the Company and its Subsidiaries does not knowingly infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06. Litigation and Environmental Matters. (a) Except for matters in existence on the Effective Date and disclosed in Schedule 3.06, there are no actions, suits, proceedings or investigations by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Borrower, threatened against or affecting the Company or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Agreement or the Transactions. There are no labor controversies pending against or, to the knowledge of any Borrower, threatened against or affecting the Company or any of its Subsidiaries (i) which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, or (ii) that involve this Agreement or the Transactions.

(b)Except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Company nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.07. Compliance with Laws. Each of the Company and its Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.08. Investment Company Status. Neither the Company nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.09. Taxes. Each of the Company and its Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed by them and has paid or caused to be paid all Taxes required to have been paid by them, except (a) Taxes that are being contested in good

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faith by appropriate proceedings and for which the Company or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events that have occurred and for which liability is reasonably expected to be incurred by the Company or any of its Subsidiaries, could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11. Disclosure. The Company has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. Neither the Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of the Company or any Subsidiary to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrowers represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. Federal Reserve Regulations No part of the proceeds of any Loan have been used or will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 3.13. Liens. There are no Liens on any of the real or personal properties of the Company or any Subsidiary except for Liens permitted by Section 6.02.

SECTION 3.14. No Default. No Default or Event of Default has occurred and is continuing.

SECTION 3.15. No Burdensome Restrictions. On the date hereof, the Company is not subject to any Burdensome Restrictions except Burdensome Restrictions permitted under Section 6.04.

SECTION 3.16. Insurance. The Company maintains, and has caused each Subsidiary to maintain, with financially sound and reputable insurance companies, insurance on all their real and personal property in such amounts, subject to such deductibles and self-insurance retentions and covering such properties and risks as are adequate and customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received (i) from each party hereto either (A) a counterpart of this Agreement signed on behalf of such party or (B) written

evidence satisfactory to the Administrative Agent (which may include telecopy or electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement and (ii) duly executed copies of the Loan Documents and such other legal opinions, certificates, documents, instruments and agreements as the Administrative Agent shall reasonably request in connection with the Transactions, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit E.

(b) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of (i) White & Case LLP, U.S. counsel for the Loan Parties, substantially in the form of Exhibit B-1 and (ii) Peter Millones, General Counsel to the Company substantially in the form of Exhibit B-2, and covering such other matters relating to the Loan Parties, the Loan Documents or the Transactions as the Administrative Agent shall reasonably request. The Company hereby requests such counsel to deliver such opinion.

(c)The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the initial Loan Parties, the authorization of the Transactions and any other legal matters relating to such Loan Parties, the Loan Documents or the Transactions, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit E.

(d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Company, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02.

(e)The Administrative Agent shall have received evidence satisfactory to it that the Existing Credit Agreement shall have been terminated and cancelled and all indebtedness thereunder shall have been fully repaid (except to the extent being so repaid with the initial Revolving Loans) and any and all commitments and liens thereunder shall have been terminated.

(f)The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Company hereunder.

The Administrative Agent shall notify the Company and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

SECTION 4.02. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a)The representations and warranties of the Borrowers set forth in this Agreement (other than Sections 3.04(b) and 3.06(a)) shall be true and correct in all material respects (except to the extent that any representation and warranty that is qualified by materiality shall be true and correct in all respects) on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(b)At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrowers on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

SECTION 4.03. Designation of the Dutch Borrower. The designation of the Dutch Borrower pursuant to Section 2.24 is subject to the condition precedent that the Company or the Dutch Subsidiary shall have furnished or caused to be furnished to the Administrative Agent:

(a)Copies, certified by the General Counsel of the Dutch Subsidiary, of resolutions of the Dutch Subsidiary' s (i) board of managing directors, and (ii) general meeting of shareholders and the positive advice of the Dutch Subsidiary' s work council approving this Agreement and any other Loan Documents to which the Dutch Subsidiary is becoming a party and performing the obligations thereunder and such other documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization and existence of the Dutch Subsidiary;

(b)An incumbency certificate, executed by the General Counsel of the Dutch Subsidiary, which shall identify by name and title and bear the signature of the officers of the Dutch Subsidiary authorized to request Borrowings hereunder and sign this Agreement and the other Loan Documents to which the Dutch Subsidiary is becoming a party, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Company or such Subsidiary;

(c)Opinions of Dutch counsel to the Dutch Subsidiary, in form and substance reasonably satisfactory to the Administrative Agent and its counsel, with respect to the laws of its jurisdiction of organization and such other customary matters (including, without limitation, the Works Council Act (*Wet op de ondernemingsraden*)) as are reasonably requested by counsel to the Administrative Agent and addressed to the Administrative Agent and the Lenders; and

(d)Any promissory notes requested by any Lender, and any other instruments and documents reasonably requested by the Administrative Agent under applicable "know your customer" or similar rules and regulations, including the Act defined in Section 9.13.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, the Company covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Company will furnish to the Administrative Agent for distribution to each Lender:

(a)within ninety (90) days after the end of each fiscal year of the Company, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash

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flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Deloitte & Touche LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b)within forty-five (45) days after the end of each of the first three fiscal quarters of each fiscal year of the Company, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c)concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Company (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.05, (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate and (iv) if any Lease Accounting GAAP Change shall have become effective and shall have been applied by the Borrower, and such Lease Accounting GAAP Change affects the comparability of the consolidated financial statements (or any part thereof) for such fiscal year or such fiscal quarter compared to the corresponding consolidated financial statements (or such part thereof) for the prior fiscal year or the corresponding fiscal quarter of such prior fiscal year in any material respect, specifying the effect of such Lease Accounting GAAP Change on the consolidated financial statements for such fiscal year or such fiscal quarter;

(d)concurrently with any delivery of financial statements under clause (a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e)promptly after Moody' s or S&P shall have announced a change in any rating established or deemed to have been established for the Index Debt, written notice of such rating change; and

(f)promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Company or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender (acting through the Administrative Agent) may reasonably request.

Documents required to be delivered pursuant to clauses (a) and (b) or (f) of this Section 5.01 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on

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which such documents are posted on the Company' s behalf on IntraLinks™ or a substantially similar electronic platform, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); or (ii) on which such documents are filed for public availability on the U.S. Securities and Exchange Commission' s Electronic Data Gathering and Retrieval System.

SECTION 5.02. Notices of Material Events. The Company will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Company or any Subsidiary thereof that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect; and

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Company setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. The Company will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the material rights, qualifications, licenses, permits, material privileges, franchises, governmental authorizations and intellectual property rights necessary to the conduct of its business, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.04. Payment of Tax Obligations. The Company will, and will cause each of its Subsidiaries to, pay its Tax obligations and liabilities, that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Company or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. Maintenance of Properties; Insurance. The Company will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain with financially sound and reputable carriers insurance in such amounts (with no greater risk retention) and against such risks (including loss or damage by fire and loss in transit; theft, burglary, pilferage, larceny, embezzlement, and other criminal activities; business interruption; and general liability) and such other hazards, as is customarily maintained by companies of established repute engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.06. Books and Records; Inspection Rights. The Company will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Company

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will, and will cause each of its Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested. The Company acknowledges that the Administrative Agent, after exercising its rights of inspection, may prepare and distribute to the Lenders certain reports pertaining to the Company and its Subsidiaries' assets for internal use by the Administrative Agent and the Lenders.

SECTION 5.07. Compliance with Laws. The Company will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including without limitation Environmental Laws), except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.08. Use of Proceeds. The proceeds of the Loans will be used only to finance the working capital needs, and for general corporate purposes (including, without limitation, for the purposes of making acquisitions and refinancing existing indebtedness) of the Company and its Subsidiaries. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 5.09. Subsidiary Guaranty.

(a) As promptly as possible but in any event within thirty (30) days (or such later date as may be agreed upon by the Administrative Agent) after any Person becomes a Subsidiary or any Subsidiary qualifies independently as, or is designated by the Company or the Administrative Agent as, a Subsidiary Guarantor pursuant to the definitions of "Material Domestic Subsidiary" and "Subsidiary Guarantor", the Company shall provide the Administrative Agent with written notice thereof and shall cause each such Subsidiary which also qualifies as a Subsidiary Guarantor to deliver to the Administrative Agent a joinder to the Subsidiary Guaranty (in the form contemplated thereby) pursuant to which such Subsidiary agrees to be bound by the terms and provisions thereof, such Subsidiary Guaranty to be accompanied by appropriate corporate resolutions, other corporate documentation and, if reasonably requested, legal opinions in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, the Company covenants and agrees with the Lenders that:

SECTION 6.01. Indebtedness. The Company will not permit any Subsidiary (other than the Dutch Borrower or any Subsidiary Guarantor, in which respect this Section 6.01 is not applicable) to, create, incur, assume or permit to exist any Indebtedness (it being understood and agreed that accrual or payment in kind in respect of Indebtedness shall not constitute an incurrence of additional Indebtedness), except:

(a)Indebtedness existing on the date hereof and set forth in Schedule 6.01 and extensions, renewals, refinancings and replacements of any such Indebtedness ("Refinancing Indebtedness"); provided, however, that such Refinancing Indebtedness (A) shall not exceed in aggregate principal amount the aggregate principal amount of the Indebtedness being extended, renewed, refinanced, or replaced together with interest accrued thereon and the payment of fees and expenses incurred in connection with such extension, renewal, refinancing or replacement and (B) to the extent such Refinancing Indebtedness extends, renews or replaces Indebtedness subordinated to the Obligations or the Guaranty of any Subsidiary Guarantor, such Refinancing Indebtedness is subordinated to the Obligations or such Guaranty at least to the same extent as the Indebtedness being extended, renewed or replaced;

(b) Indebtedness to the Company or any Subsidiary;

(c) Guarantees of Indebtedness or other obligations of the Company or any other Subsidiary;

(d)Indebtedness incurred to finance the acquisition, construction or improvement of any assets, including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; provided that (i) such Indebtedness is incurred prior to or within two

hundred and seventy (270) days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of Indebtedness permitted by this clause (d) shall not exceed $100,000,000 at any time outstanding;

(e) Indebtedness (i) as an account party in respect of letters of credit or (ii) constituting obligations in respect of Swap Agreements; and

(f) Indebtedness in an aggregate principal amount not exceeding $200,000,000 at any time outstanding.

SECTION 6.02. Liens. The Company will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a)Permitted Encumbrances;

(b) any Lien on any property or asset of the Company or any Subsidiary existing on the date hereof and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other property or asset of the Company or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof; or any Liens issued to so extend, renew, refinance or replace such Liens ("Refinancing Liens"); provided, however, that such Refinancing Liens (A) shall not exceed in aggregate principal amount the aggregate principal amount of the Liens being extended, renewed, refinanced, or replaced together with interest accrued thereon and the payment of fees and expenses incurred in connection with such extension, renewal, refinancing or replacement, (B) to the extent such Refinancing Liens extend, renew or replace Liens subordinated to the Obligations or the Guaranty of any Subsidiary Guarantor, such Refinancing Liens are subordinated to the Obligations or such Guaranty at least to the same extent as the Liens being extended, renewed or replaced, and (C) shall not include (1)

Liens of a Subsidiary that is not a Subsidiary Guarantor that refinances Liens of the Company or (2) Liens of a Subsidiary that is not a Subsidiary Guarantor that refinances Liens of a Guarantor;

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Company or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Company or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens on assets acquired, constructed or improved by the Company or any Subsidiary; provided that (i) with respect to any Foreign Subsidiary (other than the Dutch Borrower), such security interests secure Indebtedness permitted by clause (d) of Section 6.01, (ii) such security interests and the Indebtedness secured thereby are incurred prior to or within two hundred and seventy (270) days after such acquisition or the completion of such construction or improvement, (iii) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets and (iv) such security interests shall not apply to any other property or assets of the Company or any Subsidiary; and

(e) Liens on assets of the Subsidiaries that are not Loan Parties not otherwise permitted above so long as the aggregate principal amount of the Indebtedness subject to such Liens is permitted by Section 6.01(f);

(f) (x) licenses, sublicenses, leases or subleases granted by the Company or any of its Subsidiaries to other Persons not materially interfering with the conduct of the business of the Company or any of its Subsidiaries and (y) any interest or title of a lessor, sublessor or licensor under any lease or license agreement permitted by this Agreement to which the Company or any of its Subsidiaries is a party;

(g)Liens arising from precautionary UCC financing statement filings regarding operating leases entered into in the ordinary course of business;

(h) statutory and common law landlords' liens under leases to which the Company or any of its Subsidiaries is a party; and

(i) additional Liens on assets of the Company or any of its Subsidiaries not otherwise permitted by this Section 6.02 so long as the aggregate principal amount of the Indebtedness and other obligations subject to such Liens does not at any time exceed, with respect to Liens on assets of any Loan Party, 5% of Consolidated Total Assets (determined by reference to the most recent financial statements of the Company delivered pursuant to Section 5.01(a) or 5.01(b) or, if prior to the date of the delivery of the first financial statements to be delivered pursuant to such Section, the most recent financial statements referred to in Section 3.04(a)).

SECTION 6.03. Fundamental Changes and Asset Sales. (a) The Company will not, and will not permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets (including pursuant to a Sale

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and Leaseback Transaction), or any of the Equity Interests of all or substantially all of its Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except:

(i) any Person may merge into the Company in a transaction in which the Company is the surviving corporation;

(ii) any Subsidiary may merge into a Loan Party in a transaction in which the surviving entity is such Loan Party (provided that any such merger involving the Company must result in the Company as the surviving entity) and any Subsidiary which is not a Loan Party may merge into another Subsidiary which is not a Loan Party;

(iii) any Subsidiary may sell, transfer, lease or otherwise dispose of its assets to a Loan Party;

(iv) the Company or any Subsidiary may merge or consolidate with any Subsidiary, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets (including pursuant to a Sale and Leaseback Transaction), or any of the Equity Interests of all of substantially all of its Subsidiaries, to any Subsidiary; provided that (1) such transaction or series of transactions are in connection with an internal reorganization of the Company or its Subsidiaries for tax or other internal structuring purposes, (2) in the case of any such transaction or series of transactions involving the Company, the surviving entity (A) agrees to assume, and has expressly assumed all of the Loans and all of the Company' s other representations, covenants, conditions and other obligations pursuant to this Agreement and the other Loan Documents in an agreement in form and substance reasonably satisfactory to the Administrative Agent, executed and delivered to the Administrative Agent by the surviving entity, (B) shall be a Person organized and existing under the laws of the United States or any state thereof or the District of Columbia, and the Company shall have procured for the Administrative Agent and each Lender an opinion in form and substance reasonably satisfactory to the Administrative Agent and from counsel reasonably satisfactory to the Administrative Agent in respect of such Person and such agreement and covering the matters covered in the opinions delivered pursuant to Section 4.01

on the Effective Date and such other matters as the Administrative Agent may reasonably request and (C) directly or indirectly owns and controls substantially all of the assets and businesses owned and controlled by the Company on the Effective Date (other than assets and businesses that have been sold or disposed in compliance with this Agreement), (3) in the case of any such transaction or series of transactions involving a Loan Party, the surviving entity is a Loan Party, (4) immediately after giving effect to such transaction or series of transactions, any credit ratings from Moody' s and S&P applicable to the surviving entity and its Index Debt shall be no lower than any credit ratings from Moody' s and S&P applicable to the Company and its Index Debt as in effect immediately prior to giving effect to such transaction or series of transactions and (5) immediately before and after giving effect (including pro forma effect) to any such transaction or series of transactions, no Default would exist; and

(v) any Subsidiary may liquidate or dissolve if (A) the Company reasonably determines in good faith that such liquidation or dissolution is in the corporate interests of the Company and (B) the proceeds of such dissolution are transferred to the Company or a Subsidiary.

(b)The Company will not, nor will it permit the Dutch Borrower to, engage to any material extent in any business other than businesses of the type conducted by the Company and its

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Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto (it being understood that any travel related or on-line business shall be considered to be such a same or similar line of business).

(c)The Company will not, nor will it permit any of its Subsidiaries to, change its fiscal year from the basis in effect on the Effective Date.

SECTION 6.04. Restrictive Agreements. The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Company or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to holders of its Equity Interests or to make or repay loans or advances to the Company or any other Subsidiary or to Guarantee Indebtedness of the Company or any other Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, (ii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iii) the foregoing shall not apply to customary restrictions or conditions imposed by any agreement relating to Indebtedness permitted by this Agreement, (iv) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment or subletting thereof, (v) the foregoing shall not apply to customary provisions restricting assignment of any licensing agreement (in which the Company or any of its Subsidiaries is the licensee) or other contract entered into by the Company or any of its Subsidiaries in the ordinary course of business, (vi) the foregoing shall not apply to restrictions on the transfer of any asset pending the close of the sale of such asset, and (vii) the foregoing shall not apply to restrictions on the transfer of any asset subject to a Lien permitted by Section 6.02(b).

SECTION 6.05. Financial Covenants.

(a)Maximum Leverage Ratio. The Company will not permit the ratio (the "Leverage Ratio"), determined as of the end of each of its fiscal quarters ending on and after September 30, 2011, of (i) Consolidated Total Indebtedness to (ii) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for the Company and its Subsidiaries on a consolidated basis, to be greater than 3.00 to 1.00.

(b)Minimum Coverage Ratio. The Company will not permit the ratio, determined as of the end of each of its fiscal quarters ending on and after September 30, 2011, of (i) Consolidated EBITDA to (ii) Consolidated Interest Expense paid or payable in cash, in each case for the period of four (4) consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for the Company and its Subsidiaries on a consolidated basis, to be less than 3.00 to 1.00.

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) any Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) any Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of any Borrower or any Subsidiary in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) any Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to any Borrower' s existence), 5.08 or 5.09 or in Article VI;

(e) any Borrower or any Subsidiary Guarantor, as applicable, shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article) or any other Loan Document, and such failure shall continue unremedied for a period of thirty (30) days after notice thereof from the Administrative Agent to the Company (which notice will be given at the request of any Lender);

(f) the Company or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable;

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to (i) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness or (ii) the exercise by any holder of Indebtedness (to the extent convertible into Equity Interests in the Company) of its rights of conversion at any time pursuant to the terms of such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Company or any Significant Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment

of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Company or any Significant Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed

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against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) the Company or any Significant Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k)one or more judgments for the payment of money in an aggregate amount in excess of $50,000,000 shall be rendered against the Company, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of sixty (60) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Company or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred and for which liability is reasonably expected to be incurred by the Company or any Subsidiary, could reasonably be expected to result in a Material Adverse Effect;

(m)the Company shall fail to comply with Section 2.25(c);

(n)a Change in Control shall occur; or

(o) any material provision of any Loan Document for any reason ceases to be valid, binding and enforceable in accordance with its terms or the Company or any Subsidiary shall so assert in writing;

then, and in every such event (other than an event with respect to the Company described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, with consent of the Required Lenders, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Company, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Borrowers accrued hereunder and under the other Loan Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers; and in case of any event with respect to any Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under the other Loan Documents, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and at the request of the Required Lenders shall, exercise any rights and remedies provided to the Administrative Agent under the Loan Documents or at law or equity.

ARTICLE VIII

The Administrative Agent

Each of the Lenders and the Issuing Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf, including execution of the other Loan Documents, and to exercise such powers as are delegated to the

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Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Company or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Company or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or in connection with any Loan Document, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall

apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Bank and the Company. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Company, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by any Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between such Borrower and such successor. After the Administrative Agent' s resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

None of the Lenders, if any, identified in this Agreement as a Senior Managing Agent, Co-Syndication Agent or Documentation Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to the relevant Lenders in their respective capacities as Senior Managing Agents, Co-Syndication Agents or Documentation Agent, as applicable, as it makes with respect to the Administrative Agent in the preceding paragraph.

Except with respect to the exercise of setoff rights of any Lender, in accordance with Section 9.08, the proceeds of which are applied in accordance with this Agreement, each Lender agrees that it will not take any action, nor institute any actions or proceedings, against the Borrower or with respect to any Loan Document, without the prior written consent of the Required Lenders or, as may be provided in this Agreement or the other Loan Documents, with the consent of the Administrative Agent.

The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Company, to it at priceline.com Incorporated, 800 Connecticut Avenue, Norwalk, Connecticut 06854, Attention of Daniel J. Finnegan, Chief Financial Officer (Fax No. (203) 299-8915; Telephone No. (203) 299-8086);

(ii) if to the Dutch Borrower, to it at Booking.com B.V., Weteringschans 28, 1017 SG, Amsterdam, the Netherlands, Attention of Olivier Bisserier, Chief Financial Officer (Telecopy No. +31 (0) 20 713 33 23; Telephone No. +31 20 715 3040) with a copy (in the case of a notice of Default) to Booking.com B.V., Weteringsehans 28, 1017 SG, Amsterdam, the Netherlands, Attention of Legal Department (Telecopy No. +31 (0) 20 713 33 23; Telephone No. +31 20 713 3544);

(iii) if to the Administrative Agent, (A) in the case of Borrowings denominated in Dollars, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 10 South Dearborn, 7th Floor, Chicago, Illinois 60603, Attention of Leonida Mischke (Telecopy No.(888) 292-9533) and (B) in the case of Borrowings denominated in Foreign Currencies, to J.P. Morgan Europe Limited, 125 London Wall, London EC2Y 5AJ, Attention of Manager Loan Agency (Telecopy No. 44 207 777 2360), and in each case with a copy to JPMorgan Chase Bank, N.A., 277 Park Avenue, New York, New York 10172, Attention of Justin Kelley (Telecopy No. (646) 534-3078);

(iv) if to the Issuing Bank, to it at JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 10 South Dearborn, 7th Floor, Chicago, Illinois 60603, Attention of Leonida Mischke (Telecopy No.(888) 292-9533) and in each case with a copy to JPMorgan Chase Bank, N.A., 277 Park Avenue, New York, New York 10172, Attention of Justin Kelley (Telecopy No. (646) 534-3078);

(v) if to the Swingline Lender, to it at JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 10 South Dearborn, 7th Floor, Chicago, Illinois 60603, Attention of Attention of Leonida Mischke (Telecopy No.(888) 292-9533) and in each case with a copy to JPMorgan Chase Bank, N.A., 277 Park Avenue, New York, New York 10172, Attention of Justin Kelley (Telecopy No. (646) 534-3078); and

(vi) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

(b)Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Company may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c)Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or

power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Except as provided in Section 2.25 with respect to the extension of the Maturity Date or in Section 2.20 with respect to an Incremental Term Loan Amendment, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders or by the Borrowers and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon (other than the waiver of default interest), or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby, (iv) change Section 2.18(b) or (d) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender (it being understood that, solely with the consent of the parties prescribed by Section 2.20 to be parties to an Incremental Term Loan Amendment, Incremental Term Loans may be included in the determination of Required Lenders on substantially the same basis as the Commitments and the Revolving Loans are included on the Effective Date) or (vi) release the Company or all or substantially all of the Subsidiary Guarantors from their obligations under Article X or the Subsidiary Guaranty, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Bank or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be.

(c) Notwithstanding the foregoing, this Agreement and any other Loan Document may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrowers to each relevant Loan Document (x) to add one or more credit facilities (in addition to the Incremental Term Loans pursuant to an Incremental Term Loan Amendment) to this Agreement and to permit extensions of credit from time to time outstanding thereunder and the accrued

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interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Revolving Loans and the accrued interest and fees in respect thereof and (y) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders and Lenders.

(d) If, in connection with any proposed amendment, waiver or consent requiring the consent of "each Lender" or "each Lender directly affected thereby," the consent of the Required Lenders is obtained, but the consent of other necessary Lenders is not obtained (any such Lender whose consent is necessary but not obtained being referred to herein as a "Non-Consenting Lender"), then the Company may elect to replace a Non-Consenting Lender as a Lender party to this Agreement, provided that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Company, the Administrative Agent shall agree, as of such date, to purchase for cash the Loans and other Obligations due to the Non-Consenting Lender pursuant to an Assignment and Assumption and to become a Lender for all purposes under this Agreement and to assume all obligations of the Non-Consenting Lender to be terminated as of such date and to comply with the requirements of clause (b) of Section 9.04, and (ii) each

Borrower shall pay to such Non-Consenting Lender in same day funds on the day of such replacement (1) all interest, fees and other amounts then accrued but unpaid to such Non-Consenting Lender by such Borrower hereunder to and including the date of termination, including without limitation payments due to such Non-Consenting Lender under Sections 2.15 and 2.17, and (2) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 2.16 had the Loans of such Non-Consenting Lender been prepaid on such date rather than sold to the replacement Lender.

(e)Notwithstanding anything to the contrary herein the Administrative Agent may, with the consent of the Borrowers only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. (a) The Company shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication and distribution (including, without limitation, via the internet or through a service such as Intralinks) of the credit facilities provided for herein, the preparation and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Issuing Bank or any Lender, including the fees, charges and disbursements of any one primary counsel, and one additional local counsel in each applicable jurisdiction, for the Administrative Agent and one additional counsel for all the Lenders other than the Administrative Agent and additional counsel in light of actual or potential conflicts of interest or the availability of different claims of defenses, in connection with the enforcement or protection of its rights in connection with this Agreement and any other Loan Document, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b)The Company shall indemnify the Administrative Agent, the Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a

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result of (i) the execution or delivery of any Loan Document or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Company or any of its Subsidiaries, or any Environmental Liability related in any way to the Company or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Company or any of its Subsidiaries, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (A) the willful misconduct, fraud or gross negligence of such Indemnitee, its controlled affiliates or any of their respective officers, directors, employees, agents and controlling persons (each officer, director, employee, agent or controlling person of any such Indemnitee or any of such entity' s subsidiaries, a "related party" of such entity), (B) any material breach of the express obligations of such Indemnitee or any of its affiliates or related parties hereunder pursuant to a claim initiated by any Borrower or (C) any dispute solely among Indemnitees (not arising as a result of any act or omission by the Company or any of its Subsidiaries or Affiliates) other than claims against any Credit Party in its capacity as, or in fulfilling its role as, the Administrative Agent, the Issuing Bank or the Swingline Lender or any similar role under this Agreement.

(c)To the extent that the Company fails to pay any amount required to be paid by it to the Administrative Agent, the Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section (and without limiting its obligation to do so), each Lender severally agrees to pay to the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be, such Lender' s Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount (it being understood that the Company' s failure to pay any such amount shall not relieve the Company of any default in the payment thereof); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Issuing Bank or the Swingline Lender in its capacity as such.

(d)To the extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, any claim against any Indemnitee (i) for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), or (ii) on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e)All amounts due under this Section shall be payable not later than fifteen (15) days after written demand therefor.

(f)Notwithstanding anything to the contrary contained herein, nothing in this Section 9.03 shall apply to Taxes.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns

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permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) other than as provided in Section 6.03(a)(iv), no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b)(i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Company, provided that no consent of the Company shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default described in clause (a), (b), (h), (i) or (j) of Article VII has occurred and is continuing, any other assignee;

(B) the Administrative Agent; and

(C) the Issuing Bank.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender' s Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $10,000,000 unless each of the Company and the Administrative Agent otherwise consent (such consent not to be unreasonably withheld or delayed), provided that no such consent of the Company shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender' s rights and obligations under this Agreement, provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender' s rights and obligations in respect of one Class of Commitments or Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders (except in connection with assignments made pursuant to Section 2.19, in which case the Company shall pay such fee);

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Company and its affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee' s compliance procedures and applicable laws, including Federal and state securities laws;

(E) other than assignments to an existing Lender, assignments to Lenders that will acquire a position of the Obligations of the Dutch Borrower shall be at least 50,000 (or its equivalent in another currency) or any other amount that will from time to time be applicable under section 3(2) under a and/or b of the Dutch Decree on Definitions Wft (*Besluit definitiebepalingen Wft*), or, if it is less, such new Lender (as the case may be) shall confirm in writing to the Dutch Borrower that it is a professional market party within the meaning of the FSA; and

(F) no assignment shall be made to (x) the Company or any of the Company' s Subsidiaries or Affiliates or (y) a natural person.

For the purposes of this Section 9.04(b), the term "Approved Fund" has the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof in the Register pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender' s rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not

comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the applicable Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and LC Disbursements (and any stated interest thereon) owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent, the Issuing Bank and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee' s completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.05(c), 2.06(d) or (e), 2.07(b), 2.18(d) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of any Borrower, the Administrative Agent, the Issuing Bank or the Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender' s rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender' s obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender' s rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (c)(ii) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the requirements and limitations therein, including the requirements under Section 2.17(e) (it being understood that the documentation required under Section 2.17(e) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.18 and 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.15 or 2.17, with respect to any participation, than its participating Lender would have been entitled to receive, unless the sale of such participation to such Participant is made with the applicable Borrower' s prior written consent. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(ii) Each Lender that sells a participation shall, acting solely for this purpose as an agent of the applicable Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant' s interest in the obligations under this Agreement (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant' s interest in the obligations under this Agreement) except to the extent that such disclosure is

necessary to establish that such interest is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 9.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final and in whatever currency denominated) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Borrower or any Subsidiary Guarantor against any of and all the Obligations held by such Lender, irrespective of whether or not such Lender shall have made any demand under the Loan Documents and

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although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b)Each Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Loan Party or its properties in the courts of any jurisdiction.

(c)Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d)Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Notwithstanding the provisions of Section 9.01, the Dutch Borrower irrevocably designates and appoints the Company, as its authorized agent, to accept and acknowledge on its behalf, service of any and all process which may be served in any suit, action or proceeding of the nature referred to in Section 9.09(b) in any federal or New York State court sitting in New York City, provided that copies of the notices, summons or other services to the Dutch Borrower shall be simultaneously sent to the Dutch Borrower in accordance with Section 9.01. The Company hereby represents, warrants and confirms that the Company has agreed to accept such appointment. Said designation and appointment shall be irrevocable by the Dutch Borrower until all Loans, all reimbursement obligations, interest thereon and all other amounts payable by the Dutch Borrower hereunder and under the other Loan Documents shall have been paid in full in accordance with the provisions hereof and thereof and the Dutch Borrower shall have been terminated as a Borrower hereunder. The Dutch Borrower hereby consents to process being served in any suit, action or proceeding of the nature referred to in Section 9.09(b) in any federal or New York State court sitting in New York City by service of process upon the Company as provided in this Section 9.09(d); provided that, to the extent lawful and possible, notice of said service upon such agent shall be mailed by registered or certified air mail, postage prepaid, return receipt requested, to the Company and (if applicable to) the Dutch Borrower at its address set forth in the Borrowing Subsidiary Agreement to which it is a party or to any other address of which the Dutch Borrower shall have given written notice to the Administrative Agent (with a copy thereof to the Company) and copies of the notices, summons or other services shall be simultaneously sent to the Dutch Borrower in accordance with Section 9.01. The Dutch Borrower irrevocably waives, to the fullest extent permitted by law, all claim of error by reason of any such service in such manner and agrees that such service shall be deemed in every respect effective service of process upon the Dutch Borrower in any such suit, action or proceeding and shall, to the fullest extent permitted

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by law, be taken and held to be valid and personal service upon and personal delivery to the Dutch Borrower. To the extent the Dutch Borrower has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether from service or

notice, attachment prior to judgment, attachment in aid of execution of a judgment, execution or otherwise), the Dutch Borrower hereby irrevocably waives such immunity in respect of its obligations under the Loan Documents. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to any Borrower and its obligations, (g) on a confidential basis to (i) any rating agency in connection with rating the Company or its Subsidiaries or the credit facilities hereunder or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the credit facilities hereunder, (h) with the consent of the Company or (i) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, the Issuing Bank or any Lender on a nonconfidential basis from a source other than the Company. For the purposes of this Section, "Information" means all information received from the Company relating to the Company or its business, other than any such information that is available to the Administrative Agent, the Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by the Company; provided that, in the case of information received from the Company after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person

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has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. USA PATRIOT Act. Each Lender that is subject to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (as amended from time to time, the "Act") hereby notifies each Loan Party that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the Act.

SECTION 9.14. Releases of Subsidiary Guarantors.

(a)A Subsidiary Guarantor shall automatically be released from its obligations under the Subsidiary Guaranty upon the consummation of any transaction permitted by this Agreement as a result of which such Subsidiary Guarantor ceases to be a Subsidiary; provided that, if so required by this Agreement, the Required Lenders shall have consented to such transaction and the terms of such consent shall not have provided otherwise. In connection with any termination or release pursuant to this Section, the Administrative Agent shall (and is hereby irrevocably authorized by each Lender to) execute and deliver to any Loan Party, at such Loan Party' s expense, all documents that such Loan Party shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Section shall be without recourse to or warranty by the Administrative Agent.

(b)Further, the Administrative Agent may (and is hereby irrevocably authorized by each Lender to), upon the request of the Company, release any Subsidiary Guarantor from its obligations under the Subsidiary Guaranty if such Subsidiary Guarantor is no longer a Material Domestic Subsidiary.

(c)At such time as the principal and interest on the Loans, all LC Disbursements, the fees, expenses and other amounts payable under the Loan Documents and the other Obligations (other than Obligations expressly stated to survive such payment and termination) shall have been paid in full, the Commitments shall have been terminated and no Letters of Credit shall be outstanding, the Subsidiary Guaranty and all obligations (other than those expressly stated to survive such termination) of each Subsidiary Guarantor thereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any Person.

SECTION 9.15. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.16. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Borrower acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Lenders are arm' s-length

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commercial transactions between such Borrower and its Affiliates, on the one hand, and the Lenders, on the other hand, (B) such Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) such Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Lenders is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for any Borrower or any of its Affiliates, or any other Person and (B) no Lender has any obligation to any Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) each of the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers and its Affiliates, and no Lender has any obligation to disclose any of such interests to any Borrower or its Affiliates. To the fullest extent permitted by law, each Borrower hereby waives and releases any claims that it may have against each of the

Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

ARTICLE X

Company Guarantee

In order to induce the Lenders to extend credit to the Dutch Borrower hereunder, but subject to the last sentence of this Article X, the Company hereby irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, the payment when and as due of the Obligations of the Dutch Borrower. The Company further agrees that the due and punctual payment of such Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee hereunder notwithstanding any such extension or renewal of any such Obligation.

The Company waives, to the extent permitted by applicable law, presentment to, demand of payment from and protest to any Borrower of any of the Obligations, and also waives notice of acceptance of its obligations and notice of protest for nonpayment. The obligations of the Company hereunder shall not be affected by (a) the failure of the Administrative Agent, the Issuing Bank or any Lender to assert any claim or demand or to enforce any right or remedy against any Borrower under the provisions of this Agreement, any other Loan Document or otherwise; (b) any extension or renewal of any of the Obligations; (c) any rescission, waiver, amendment or modification of, or release from, any of the terms or provisions of this Agreement, or any other Loan Document or agreement; (d) any default, failure or delay, willful or otherwise, in the performance of any of the Obligations; (e) any change in the corporate, partnership or other existence, structure or ownership of any Borrower or any other guarantor of any of the Obligations; (f) the enforceability or validity of the Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto, or any other invalidity or unenforceability relating to or against any Borrower or any other guarantor of any of the Obligations, for any reason related to this Agreement, any other Loan Document, or any provision of applicable law, decree, order or regulation of any jurisdiction purporting to prohibit the payment by such Borrower or any other guarantor of the Obligations, of any of the Obligations or otherwise affecting any term of any of the Obligations; or (h) any other act, omission or delay to do any other act which may or might in any manner or to any extent vary the risk of such Borrower or otherwise operate as a discharge of a guarantor as a matter of law or equity or which would impair or eliminate any right of such Borrower to subrogation.

The Company further agrees that its agreement hereunder constitutes a guarantee of payment when due (whether or not any bankruptcy or similar proceeding shall have stayed the accrual or

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collection of any of the Obligations or operated as a discharge thereof) and not merely of collection, and waives any right to require that any resort be had by the Administrative Agent, the Issuing Bank or any Lender to any balance of any deposit account or credit on the books of the Administrative Agent, the Issuing Bank or any Lender in favor of any Borrower or any other Person.

The obligations of the Company hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever, by reason of the invalidity, illegality or unenforceability of any of the Obligations, any impossibility in the performance of any of the Obligations or otherwise.

The Company further agrees that its obligations hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Administrative Agent, the Issuing Bank or any Lender upon the bankruptcy or reorganization of any Borrower or otherwise.

In furtherance of the foregoing and not in limitation of any other right which the Administrative Agent, the Issuing Bank or any Lender may have at law or in equity against any Borrower by virtue hereof, upon the failure of the Dutch Borrower to pay

any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, the Company hereby promises to and will, upon receipt of written demand by the Administrative Agent, the Issuing Bank or any Lender, forthwith pay, or cause to be paid, to the Administrative Agent, the Issuing Bank or any Lender in cash an amount equal to the unpaid principal amount of such Obligations then due, together with accrued and unpaid interest thereon.

Upon payment by the Company of any sums as provided above, all rights of the Company against the Dutch Borrower arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinated and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations owed by the Company to the Administrative Agent, the Issuing Bank and the Lenders.

Nothing shall discharge or satisfy the liability of the Company hereunder except the full performance and payment of the Obligations.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

PRICELINE.COM INCORPORATED,
as the Company

By /s/ Daniel J. Finnegan
Name: Daniel J. Finnegan
Title: Chief Financial Officer

JPMORGAN CHASE BANK, N.A., individually as a Lender, as the Swingline Lender, as the Issuing Bank and as Administrative Agent

By /s/ David Gibbs
Name: David Gibbs
Title: Managing Director

BANK OF AMERICA, N.A., individually as a Lender and as a Co-Syndication Agent

By /s/ Christopher T. Phelan
Name: Christopher T. Phelan
Title: Senior Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
individually as a Lender and as a Co-Syndication Agent

By /s/ Albert M. Schenck
Name: Albert M. Schenck
Title: Vice President

CITIBANK, N.A.,
as a Senior Managing Agent and individually as a Lender

By /s/ Ahu Gures
Name: Ahu Gures
Title: Vice President

MORGAN STANLEY BANK, N.A.,
as a Senior Managing Agent and individually as a Lender

By: /s/ Sherrese Clarke
Name: Sharrese Clarke
Title: Authorized Signatory

DEUTSCHE BANK AG NEW YORK BRANCH, individually as a Lender

By: /s/ Ross Levitsky
Name: Ross Levitsky
Title: Managing Director

DEUTSCHE BANK AG NEW YORK BRANCH, individually as a Lender

By: /s/ Philippe Sandmeier
Name: Philippe Sandmeier
Title: Managing Director

DEUTSCHE BANK SECURITIES INC.,
as a Senior Managing Agent

By: /s/ Ross Levitsky

Name: Ross Levitsky
Title: Managing Director

DEUTSCHE BANK SECURITIES INC.,
as a Senior Managing Agent

By: /s/ Philippe Sandmeier
Name: Philippe Sandmeier
Title: Managing Director

LLOYDS TSB BANK PLC,
as a Lender

By: /s/ Deborah Carlson
Name: Deborah Carlson
Title: Director
Corporate Banking USA
C103

LLOYDS TSB BANK PLC,
as a Lender

By: /s/ Charles Foster
Name: Charles Foster
Title: Managing Director

GOLDMAN SACHS BANK USA,
as a Lender

By: /s/ Mark Walton
Name: Mark Walton
Title: Authorized Signatory

HSBC BANK USA, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Robert H Rogers
Name: Robert H Rogers
Title: Senior Relationship Manager,
Corporate Banking

RBS CITIZENS, N.A.,
as Documentation Agent and individually as a Lender

By: /s/ David M. Nackley
Name: David M. Nackley
Title: Senior Vice President

TD BANK, N.A.,
as a Lender

By: /s/ Mark Hogan
Name: Mark Hogan
Title: Senior Vice President

BARCLAYS BANK PLC,
as a Lender

By: /s/ Ben Mickes
Name: Ben Mickes
Title:

SCHEDULE 2.01

COMMITMENTS

LENDER	COMMITMENT
JPMORGAN CHASE BANK, N.A.	$ 150,000,000
BANK OF AMERICA, N.A.	$ 150,000,000
WELLS FARGO BANK, NATIONAL ASSOCIATION	$ 150,000,000
RBS CITIZENS, N.A.	$ 100,000,000
CITIBANK, N.A.	$ 75,000,000
DEUTSCHE BANK AG NEW YORK BRANCH	$ 75,000,000
MORGAN STANLEY BANK, N.A.	$ 75,000,000

BARCLAYS BANK PLC	$	45,000,000
GOLDMAN SACHS BANK USA	$	45,000,000
HSBC BANK USA, NATIONAL ASSOCIATION	$	45,000,000
LLOYDS TSB BANK PLC	$	45,000,000
TD BANK, N.A.	$	45,000,000
TOTAL COMMITMENTS	**$**	**1,000,000,000**

SCHEDULE 2.02

MANDATORY COST

1. The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.

2. On the first day of each Interest Period (or as soon as possible thereafter) the Administrative Agent shall calculate, as a percentage rate, a rate (the "Associated Costs Rate") for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Administrative Agent as a weighted average of the Lenders' Associated Costs Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum.

3. The Associated Costs Rate for any Lender lending from a Facility Office in a Participating Member State will be the percentage notified by that Lender to the Administrative Agent. This percentage will be certified by that Lender in its notice to the Administrative Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender' s participation in all Loans made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Facility Office.

4. The Associated Costs Rate for any Lender lending from a Facility Office in the United Kingdom will be calculated by the Administrative Agent as follows:

(a) in relation to a Loan in Pounds Sterling:

$$\frac{AB + C(B - D) + E \times 0.01}{100 - (A + C)}$$ per cent. per annum

(b) in relation to a Loan in any currency other than Pounds Sterling:

$$\frac{E \times 0.01}{300}$$ per cent. per annum.

Where:

A is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.

B is the percentage rate of interest (excluding the Applicable Rate and the Mandatory Cost and, if the Loan is an Unpaid Sum, the additional rate of interest specified in Section 2.13(c)) payable for the relevant Interest Period on the Loan.

C is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.

D is the percentage rate per annum payable by the Bank of England to the Administrative Agent on interest bearing Special Deposits.

E is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Administrative Agent as being the average of the most recent rates of charge supplied by the Reference Banks to the Administrative Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.

5. For the purposes of this Schedule:

(a) "**Eligible Liabilities**" and "**Special Deposits**" have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;

(b) "**Facility Office**" means the office or offices notified by a Lender to the Administrative Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

(c) "**Fees Rules**" means the rules on periodic fees contained in the Financial Services Authority Fees Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;

(d) "**Fee Tariffs**" means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate);

(e) "**Participating Member State**" means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to economic and monetary union.

(f) "**Reference Banks**" means, in relation to Mandatory Cost, the principal London offices of JPMorgan Chase Bank, N.A.

(g) "**Tariff Base**" has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.

(h) "**Unpaid Sum**" means any sum due and payable but unpaid by any Borrower under the Loan Documents.

6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.

7. If requested by the Administrative Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Administrative Agent, the rate of

charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.

8. Each Lender shall supply any information required by the Administrative Agent for the purpose of calculating its Associated Costs Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which it becomes a Lender:

(i) the jurisdiction of its Facility Office; and

(j) any other information that the Administrative Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Administrative Agent of any change to the information provided by it pursuant to this paragraph.

9. The percentages of each Lender for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by the Administrative Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Administrative Agent to the contrary, each Lender' s obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a Facility Office in the same jurisdiction as its Facility Office.

10. The Administrative Agent shall have no liability to any person if such determination results in an Associated Costs Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or Reference Bank pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.

11. The Administrative Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Associated Costs Rate for each Lender based on the information provided by each Lender and each Reference Bank pursuant to paragraphs 3, 7 and 8 above.

12. Any determination by the Administrative Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Associated Costs Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

13. The Administrative Agent may from time to time, after consultation with the Company and the relevant Lenders, determine and notify to all parties hereto any amendments which are required to be made to this Schedule 2.02 in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

Exhibit 10.4

SECOND AMENDED AND RESTATED
EMPLOYMENT CONTRACT

The undersigned:

BOOKING.COM B.V., a private limited liability company ('*besloten vennootschap met beperkte aansprakelijkheid*'), having its registered office at Weteringschans 28,1017 SG Amsterdam, the Netherlands ('**Booking.com**');

and

Cornelis Petrus Henricus Maria Koolen, residing at Hengeloseweg 11, 7251 PA Vorden ('**Employee**');

Whereas:

- Employee has been employed by Booking.com since December 18, 2001.
- Booking.com and Employee are currently parties to an Amended and Restated Employment Contract, dated September 1, 2008 (the '**Prior Employment Contract**').
- As part of succession planning for Booking.com, Employee has transitioned to the new position of Chairman of Booking.com, effective as of September 26, 2011, and will resign shortly after such effective date as a managing director of Booking.com.
- In connection with Employee' s new role with Booking.com, Booking.com and Employee desire to amend and restate the Prior Employment Contract.
- This Second Amended and Restated Employment Contract (this '**Agreement**') shall supercede and completely replace the Prior Employment Contract as of September 26, 2011 (the '**Effective Date**').

Hereby agrees as follows:

1. Commencement, Term and Notice

1.1. This Agreement replaces and supersedes the Prior Employment Contract and is entered into for an indefinite period of time (the '**Employment Term**').

1.2. This Agreement may be terminated at any time by either party with due observance of the statutory notice period, with such termination to be effective on the first day after the end of such period. Notice may be given in writing only.

1.3. This Agreement will end in any event without notice being required at the end of the month in which Employee reaches the pensionable age under the applicable pension agreement or under the General Old Age Pensions Act ('*Algemene Ouderdomswet'*), whichever occurs first.

2. Change of Employment Terms

2.1. Booking.com may unilaterally amend the employment terms in this Agreement if it has a weighty reason to do so and provided Employee' s interests, insofar as they are harmed by such change, must yield thereto in accordance with the principle of reasonableness and fairness (as stipulated in Article 7:613 of the Dutch Civil Code). No amendment and/or addition to this Agreement shall have any force or effect unless it is in writing.

3. Employee Manual

3.1. Employee acknowledges receipt of Booking.com' s Employee Manual and agrees that the provisions of the Employee Manual form an integral part of this Agreement. To the extent that the provisions of this Agreement are inconsistent with the provisions of the Employee Manual, the provisions of this Agreement will control and supersede those of the Employee Manual.

4. Position

4.1. Employee will hold the position of Chairman of Booking.com and report to the Chief Executive Officer (the '**priceline.com CEO**') of priceline.com Incorporated (or its controlled group ('**The Priceline Group**'), as applicable). As Chairman of Booking.com, Employee shall provide support, counseling and mentorship to the Chief Executive Officer of Booking.com, provide advice and counsel to the priceline.com CEO on matters related to The Priceline Group, and assume other duties and responsibilities as mutually agreed upon by Employee and the priceline.com CEO.

4.2. For a period to be mutually agreed upon by Employee and Booking.com, Employee will be a member of the Group Management Board, which is comprised of senior executives of priceline.com Incorporated and its subsidiaries or affiliates, including Booking.com (the '**Company**'), and oversees management of the consolidated entities of priceline.com Incorporated.

4.3. Employee may be assigned to work for an affiliate of Booking.com and covenants that Employee, to the extent reasonable, will also perform duties other than those considered Employee' s usual duties.

5. Working Hours and Work Place

5.1. Booking.com and Employee anticipate that performance of Employee' s duties will take between one and three days per week to complete, but such duties will not necessarily require Employee to be present in Booking.com' s offices or prevent Employee from engaging in other business activities not in violation of this Agreement.

5.2. Employee covenants that, at Booking.com' s request, Employee will work overtime whenever a proper performance of Employee so requires. Overtime is not paid or otherwise compensated for.

6. Salary

6.1. For the period starting on the Effective Date and ending on March 31, 2012, Employee will receive a gross monthly base salary of EUR 21,666.66 ('**Base Salary**'). After March 31, 2012, Employee will receive a monthly base salary in an amount to be mutually agreed upon by Employee and the priceline.com CEO.

6.2. Employee will be entitled to the statutory holiday allowance of 8% of the gross annual base salary, payable in May each year. If Employee was employed during only a part of the calendar year, the holiday allowance will be reduced pro rata.

6.3. For the 2011 fiscal year, Employee will be eligible to receive a bonus pursuant to the terms of priceline.com Incorporated' s 2011 annual bonus plan, provided that the Board of Directors of priceline.com Incorporated or a committee established thereunder (the

'**Board**') has reviewed the Company' s performance and Employee' s performance in respect of such year and has determined the amount of the bonus, if any, to be payable to Employee in respect of such year' s performance.

6.4. For the 2012 fiscal year and thereafter, Employee' s eligibility to participate in any annual bonus plans that the Company may implement at any time during the Employment Term for senior executives of the Company at a level commensurate with Employee' s position shall be subject to the mutual agreement of Employee and the Board, and any bonus amount shall be determined at the sole discretion of the priceline.com CEO.

6.5. During the Employment Term, subject to the Board' s sole discretion, Employee will be eligible to participate in any long-term incentive compensation plan generally made available to senior executives of the Company at a level commensurate with his position in accordance with and subject to the terms of such plan.

6.6. During the Employment Term, Employee shall be entitled to participate in all fringe benefit and perquisite programs generally provided to comparable senior executives of the Company.

7. Expenses

7.1. Booking.com will reimburse Employee' s reasonable expenses directly related to the performance of Employee' s work, provided such reimbursement may be made tax and social security premium free

and provided itemized expense statements and original receipts are submitted in accordance with company policy.

8. Travel Expenses

8.1. Travel expenses for commuting will be reimbursed in accordance with applicable tax rules up to an amount of EUR 0.19 per kilometer (the applicable rate in 2011) along the most customary route.

8.2. Booking.com is entitled to unilaterally change the allowance under Article 8.1 of this Agreement in the event of an adjustment thereof under applicable tax law.

9. Pension

9.1. During the Employment Term, Employee will be entitled to participate in Booking.com' s pension plan, if and as soon as Employee meets the relevant requirements. If and insofar as tax law and/or pension law are amended, Booking.com will be entitled to unilaterally adapt the pension plan to bring it into compliance with such amendments.

10. Holidays

10.1. During the Employment Term, Employee will be entitled to 26 days of holiday each calendar year. If Employee works for only a part of the year, the number of days of holiday will be reduced pro rata.

10.2. Holidays are set by Booking.com after consultation with Employee.

10.3. To the extent possible, holidays must be taken in the year in which they are accrued. A maximum of five days may be carried forward to the next calendar year.

11. Illness or Other Incapacity to Work

11.1. If Employee is unable to perform work due to illness or any other medical incapacity, Employee is obliged to inform Booking.com thereof before 9am on the first day of illness or incapacity, stating the reasons for such illness or incapacity, the expected period of such illness or incapacity, and the address at which Employee may be reached during that period. As soon as work can be resumed, Employee will inform Booking.com thereof immediately.

11.2. As long as this Agreement is still in effect, if Employee is unable to perform work due to illness or other medical incapacity, Employee will remain entitled to continued payment of 70% of Employee' s Base Salary, but in no case less than the statutory minimum wage, for a maximum period of 104 weeks commencing on the first day of illness or incapacity.

11.3. Periods in which Employee is unable to perform work due to illness or other medical incapacity will be aggregated if they follow one another at intervals of less than four weeks.

11.4. Employee is not entitled to continued payment under the circumstances set out in Article 7:629 of the Dutch Civil Code.

11.5. Employee' s salary during illness or other medical incapacity will be reduced by financial benefits that Employee receives under any contractual or statutory insurance and any other income earned by Employee.

11.6. If Employee' s illness or other incapacity to work ensues from an event for which a third party is liable, Employee shall provide Booking.com with all relevant information and do everything in Employee' s power to enable Booking.com to exercise its right of recourse pursuant to Article 6:107a of the Dutch Civil Code.

12. Payments Upon Termination

12.1. If the Employment Term ends for any reason, Employee shall only be entitled to receive any amounts earned but not paid under this Agreement at the time of Employee' s termination.

13. Confidentiality

13.1. Neither during the Employment Term nor upon termination thereof, may Employee inform any third party in any form, directly or indirectly, of any particulars concerning or related to the business conducted by Booking.com or its affiliated companies, regardless of whether such information includes any reference to its confidential nature or ownership and regardless of how Employee learned of the particulars.

13.2. Notwithstanding the provisions of Article 7:650(3), (4) and (5) of the Dutch Civil Code, if Employee violates Article 13.1, Employee will forfeit to Booking.com an immediately due and payable penalty of EUR 5,000 for each violation, as well as a penalty of EUR 1,000 for each day the violation continues, without prejudice to Booking.com' s right to claim full compensation instead of such penalties.

14. Non Competition

14.1. During the Employment Term and for a period of 12 months after termination, Employee may not, without Booking.com' s prior written consent:

(a) engage in any activities that in any way, directly or indirectly, compete with Booking.com or its affiliates (including priceline.com Incorporated) in the European Union, including, without limitation, the research into, development or provision of any online or call centre accommodation booking or reservation services, nor establish, conduct (alone or with others) or cause the conduct of any competing business, nor take any interest in or be employed in any way whatsoever by such business, whether or not for consideration;

(b) directly or indirectly induce employees of Booking.com or its affiliates (including priceline.com Incorporated) to terminate their employment with Booking.com or its affiliates; or

(c) directly or indirectly, solicit, assist in soliciting, accept or facilitate the acceptance of the custom or business of firms that or individuals who were clients, customers or other business relations of Booking.com or its affiliates at the time of termination, or at any time during the 2 year period preceding termination.

14.2 During the Employment Term and for an indefinite period after termination, Employee may not, without Booking.com' s prior written consent:

(a) in relation to any contract or arrangement which Booking.com or its affiliates (including priceline.com Incorporated) have with any supplier for the supply of goods and services, for the duration of such contract or arrangement, directly or indirectly, interfere with the supply of such goods or services from any supplier, nor, directly or indirectly, induce any supplier to cease or decline to supply such goods or services to Booking.com; or

(b) make any statements, written or oral, which disparage or defame the goodwill or reputation of Booking.com or its affiliates (including priceline.com Incorporated), or any of their directors or senior officers, in public or in a manner that is intended to become public.

14.3 Notwithstanding the provisions of Article 7:650(3), (4) and (5) of the Dutch Civil Code, if Employee violates Articles 14.1 or 14.2 of this Agreement, Employee will forfeit to Booking.com an immediately due and payable penalty of EUR 5,000 for each violation, as well as a penalty of EUR 1,000 for each day the violation continues, without prejudice to Booking.com' s right to claim full compensation instead of such penalties.

14.4 Upon each breach of Article 14.1 of this Agreement, the period referred to therein will be extended by the duration of such breach.

15. Sidelines

15.1. Without Booking.com' s prior written consent, Employee will not perform any other work, whether paid or unpaid, during the Employment Term, nor will Employee, alone or with others, directly or indirectly, establish or conduct a business that is competitive with Booking.com' s business, whatever its form, or take any financial interest in or perform work for such business, whether or not for consideration.

15.2. During the Employment Term, Employee must refrain from undertaking or holding any sidelines or additional posts, such as committee work, managerial or other activities for organizations of an idealistic, cultural, sporting, political or other nature, whether or not for consideration, without Booking.com' s prior written consent.

16. Return of Property

16.1. Upon the end of the Employment Term, Employee shall immediately return to Booking.com all property belonging to Booking.com, including materials, documents and information copied in any form whatsoever.

17. Intellectual and Industrial Property Rights

17.1. All intellectual property rights, including, but not limited to, patent rights, design rights, copyrights and neighbouring rights, database rights, trademark rights, chip rights, trade name rights and know how, ensuing, during or after this employment contract, in The Netherlands or abroad, from the work performed by Employee under this Agreement (collectively: '**Intellectual Property Rights**') will exclusively vest in Booking.com.

17.2. Insofar as any Intellectual Property Rights are not vested in Booking.com by operation of law, Employee covenants that Employee, at first request of Booking.com, will transfer to Booking.com and, insofar as possible, hereby transfers those rights to Booking.com, which transfer is hereby accepted by Booking.com.

17.3. Insofar as any Intellectual Property Rights are not capable of being transferred from Employee to Booking.com, Employee hereby grants Booking.com the exclusive, royalty free, worldwide, perpetual right, with the right to grant sublicenses, to use the Intellectual Property Rights in the broadest way, which right is hereby accepted by Booking.com.

17.4. Insofar as any personal rights vest in Employee, and insofar as permitted by law, Employee hereby waives all of Employee' s personal rights, including, without limitation, the right to have one' s name stated pursuant to the Dutch Copyright Act 1912 ('***Auteurswet 1912***').

17.5. Employee shall promptly disclose all works, inventions, information, Intellectual Property Rights and other results from the work performed by Employee under this Agreement to Booking.com.

17.6. Employee shall upon Booking.com' s request, during or after the Employment Term, perform all acts that may be necessary in order to record the Intellectual Property Rights in the name of Booking.com with any competent authority in the world. Reasonable costs thereof will be borne by Booking.com.

17.7. In case Employee, for any reason, is unable to provide the cooperation in accordance with Articles 17.2 and 17.6 of this Agreement, Employee hereby grants Booking.com irrevocable power of attorney to represent Employee with respect to the assignment and registration of Intellectual Property Rights referred to in Articles 17.2 and 17.6 of this Agreement.

17.8. Employee acknowledges that Employee' s salary includes reasonable compensation for the loss of intellectual and industrial property rights.

18. Applicable Law

18.1. This Agreement shall be governed by the laws of The Netherlands.

19. Complete Agreement

19.1. This Agreement embodies the complete agreement and understanding between the parties with respect to the subject matter hereof and effective as of its date supersedes and preempts any prior

understandings, agreements or representations by or between the parties, written or oral, including the Prior Employment Contract, which may have related to the subject matter hereof in any way.

Drawn up in duplicate originals and signed in Amsterdam on November 3, 2011

	/s/ Cornelis Petrus Henricus Maria Koolen
Booking.com B.V.	Cornelis Petrus Henricus Maria Koolen

understandings, agreements or representations by or between the parties, written or oral, including the Prior Employment Contract, which may have related to the subject matter hereof in any way.

Drawn up in duplicate originals and signed in Norwalk on November 4, 2011

/s/ Glenn Fogel	
Booking.com B.V. Glenn Fogel	Cornelis Petrus Henricus Maria Koolen

Exhibit 31.1

CERTIFICATION

I, Jeffery H. Boyd, certify that:

1. I have reviewed the Quarterly Report on Form 10-Q of priceline.com Incorporated (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the Registrant and we have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the Registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the Registrant' s internal control over financial reporting that occurred during the Registrant' s most recent fiscal quarter (the Registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant' s internal control over financial reporting; and

5. The Registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant' s auditors and the audit committee of the Registrant' s board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant' s ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant' s internal control over financial reporting.

Dated: November 7, 2011

/s/ Jeffery H. Boyd

Name: Jeffery H. Boyd

Title: President & Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Daniel J. Finnegan, certify that:

1. I have reviewed the Quarterly Report on Form 10-Q of priceline.com Incorporated (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and we have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the Registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the Registrant' s internal control over financial reporting that occurred during the Registrant' s most recent fiscal quarter (the Registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant' s internal control over financial reporting; and

5. The Registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant' s auditors and the audit committee of the Registrant' s board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant' s ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant' s internal control over financial reporting.

Dated: November 7, 2011

/s/ Daniel J. Finnegan

Name: Daniel J. Finnegan

Title: Chief Financial Officer

Exhibit 32.1

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of priceline.com Incorporated, a Delaware corporation (the "Company"), hereby certifies that, to his knowledge:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2011

/s/ Jeffery H. Boyd
Name: Jeffery H. Boyd
Title: President & Chief Executive Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of priceline.com Incorporated, a Delaware corporation (the "Company"), hereby certifies that, to his knowledge:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2011

/s/ Daniel J. Finnegan
Name: Daniel J. Finnegan
Title: Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Document and Entity Information	9 Months Ended Sep. 30, 2011	Oct. 31, 2011
Document and Entity Information		
Entity Registrant Name	PRICELINE COM INC	
Entity Central Index Key	0001075531	
Document Type	10-Q	
Document Period End Date	Sep. 30, 2011	
Amendment Flag	false	
Current Fiscal Year End Date	--12-31	
Entity Current Reporting Status	Yes	
Entity Filer Category	Large Accelerated Filer	
Entity Common Stock, Shares Outstanding		49,783,482
Document Fiscal Year Focus	2011	
Document Fiscal Period Focus	Q3	

CONSOLIDATED STATEMENTS OF OPERATIONS (USD $) In Thousands, except Per Share data	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Merchant revenues	$ 573,230	$ 494,473	$ 1,558,564	$ 1,309,407
Agency revenues	876,601	504,010	1,797,204	1,034,765
Other revenues	2,973	3,274	9,071	9,419
Total revenues	1,452,804	1,001,757	3,364,839	2,353,591
Cost of revenues	352,656	335,569	1,009,657	923,032
Gross profit	1,100,148	666,188	2,355,182	1,430,559
Operating expenses:				
Advertising - Online	279,926	172,727	701,317	418,354
Advertising - Offline	8,035	7,773	29,463	29,684
Sales and marketing	47,124	33,060	122,931	85,663
Personnel, including stock-based compensation of $13,298, $21,176, $40,404 and $48,550, respectively	94,463	82,007	255,450	194,635
General and administrative	31,717	15,730	87,334	56,224
Information technology	8,548	5,347	23,456	14,850
Depreciation and amortization	13,957	12,775	40,087	33,312
Total operating expenses	483,770	329,419	1,260,038	832,722
Operating income	616,378	336,769	1,095,144	597,837
Other income (expense):				
Interest income	2,526	918	6,075	2,713
Interest expense	(7,879)	(8,293)	(23,389)	(22,366)
Foreign currency transactions and other	827	(10,715)	(8,696)	(12,806)
Total other income (expense)	(4,526)	(18,090)	(26,010)	(32,459)
Earnings before income taxes	611,852	318,679	1,069,134	565,378
Income tax expense	(138,966)	(94,119)	(235,959)	(172,347)
Net income	472,886	224,560	833,175	393,031
Less: net income attributable to noncontrolling interests	3,387	1,580	2,520	1,219
Net income applicable to common stockholders	$ 469,499	$ 222,980	$ 830,655	$ 391,812
Net income applicable to common stockholders per basic common share (in dollars per share)	$ 9.43	$ 4.59	$ 16.74	$ 8.24
Weighted average number of basic common shares outstanding (in shares)	49,779	48,570	49,607	47,565
Net income applicable to common stockholders per diluted common share (in dollars per share)	$ 9.17	$ 4.41	$ 16.23	$ 7.70
Weighted average number of diluted common shares outstanding (in shares)	51,184	50,559	51,193	50,917

CONSOLIDATED STATEMENTS OF OPERATIONS (Parenthetical) (USD $) In Thousands	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
CONSOLIDATED STATEMENTS OF OPERATIONS				
Personnel, stock-based compensation	$ 13,298	$ 21,176	$ 40,404	$ 48,550

NET INCOME PER SHARE
(Tables)

9 Months Ended
Sep. 30, 2011

NET INCOME PER SHARE

Reconciliation of the weighted average number of shares outstanding used in calculating diluted earnings per share

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Weighted average number of basic common shares outstanding	49,779	48,570	49,607	47,565
Weighted average dilutive stock options, restricted stock, restricted stock units and performance share units	622	1,402	854	1,524
Assumed conversion of convertible debt	783	587	732	1,828
Weighted average number of diluted common and common equivalent shares outstanding	51,184	50,559	51,193	50,917
Anti-dilutive potential common shares	1,558	2,629	1,441	2,582

CONSOLIDATED BALANCE SHEETS (USD $) In Thousands	Sep. 30, 2011	Dec. 31, 2010
Current assets:		
Cash and cash equivalents	$ 421,166	$ 358,967
Restricted cash	3,851	1,050
Short-term investments	1,983,467	1,303,251
Accounts receivable, net of allowance for doubtful accounts of $6,833 and $6,353 respectively	345,339	162,426
Prepaid expenses and other current assets	95,906	61,211
Deferred income taxes	32,248	70,559
Total current assets	2,881,977	1,957,464
Property and equipment, net	53,843	39,739
Intangible assets, net	210,693	232,030
Goodwill	510,154	510,894
Deferred income taxes	137,462	151,408
Other assets	21,444	14,418
Total assets	3,815,573	2,905,953
Current liabilities:		
Accounts payable	169,545	90,311
Accrued expenses and other current liabilities	305,745	243,767
Deferred merchant bookings	213,802	136,915
Convertible debt (see Note 9)	492,169	175
Total current liabilities	1,181,261	471,168
Deferred income taxes	47,448	56,440
Other long-term liabilities	37,119	42,990
Convertible debt (see Note 9)		476,230
Total liabilities	1,265,828	1,046,828
Redeemable noncontrolling interests (see Note 12)	76,615	45,751
Convertible debt (see Note 9)	82,831	38
Stockholders' equity:		
Common stock, $0.008 par value; authorized 1,000,000,000 shares, 57,561,537 and 56,567,236 shares issued, respectively	446	438
Treasury stock, 7,778,107 and 7,421,128 shares, respectively	(802,784)	(640,415)
Additional paid-in capital	2,394,034	2,417,092
Accumulated earnings	858,438	69,110
Accumulated other comprehensive loss	(59,835)	(32,889)
Total stockholders' equity	2,390,299	1,813,336
Total liabilities and stockholders' equity	$ 3,815,573	$ 2,905,953

COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE LOSS (Details) (USD $) In Thousands	3 Months Ended		9 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010	Dec. 31, 2010
COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE LOSS					
Net income applicable to common stockholders	$ 469,499	$ 222,980	$ 830,655	$ 391,812	
Net unrealized gain (loss) on investment securities	665	(163)	180	87	
Currency translation gain (loss)	(79,978)	75,788	(27,126)	(16,135)	
Comprehensive income	390,186	298,605	803,709	375,764	
Accumulated other comprehensive loss					
Foreign currency translation adjustments	(60,533)		(60,533)		(33,407)
Net unrealized gain on investment securities	698		698		518
Accumulated other comprehensive loss	(59,835)		(59,835)		(32,889)
Net unrealized gain on investment securities, before tax	985		985		714
Net Investment Hedges - Fair Value Adjustments					
Accumulated other comprehensive loss					
Foreign currency translation adjustments	22,722		22,722		15,827
Net gains from fair value adjustments associated with net investment hedges, before tax	$ 38,631		$ 38,631		$ 27,138

INTANGIBLE ASSETS AND GOODWILL (Tables)

9 Months Ended Sep. 30, 2011

INTANGIBLE ASSETS AND GOODWILL

Intangible assets

	September 30, 2011			December 31, 2010				
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Amortization Period	Weighted Average Useful Life
Supply and distribution agreements	$ 264,252	$ (93,239)	$ 171,013	$ 264,491	$ (76,823)	$ 187,668	10 - 13 years	12 years
Technology	23,546	(23,222)	324	23,549	(22,119)	1,430	3 years	3 years
Patents	1,638	(1,387)	251	1,638	(1,352)	286	15 years	15 years
Customer lists	20,327	(19,040)	1,287	20,338	(17,512)	2,826	2 years	2 years
Internet domain names	5,080	(465)	4,615	1,853	(126)	1,727	2 - 20 years	10 years
Trade names	52,994	(19,816)	33,178	53,099	(15,064)	38,035	5 - 20 years	11 years
Other	345	(320)	25	344	(286)	58	3 - 10 years	4 years
Total intangible assets	$ 368,182	$ (157,489)	$ 210,693	$ 365,312	$ (133,282)	$ 232,030		

Estimated amortization expense for intangible assets for the remainder of 2011, the annual expense for the next five years, and the expense thereafter

2011	$ 7,826
2012	29,952
2013	28,680
2014	28,606
2015	25,900
2016	23,317
Thereafter	66,412
	$ 210,693

Goodwill

Balance at December 31, 2010	$510,894
Currency translation adjustments	(740)
Balance at September 30, 2011	$510,154

REDEEMABLE NONCONTROLLING INTERESTS (Details) (USD $)	9 Months Ended	1 Months Ended		9 Months Ended		1 Months Ended
	Sep. 30, 2011	Apr. 30, 2011 Priceline.com International Limited (PIL)	May 31, 2010 Priceline.com International Limited (PIL)	Sep. 30, 2011 Priceline.com International Limited (PIL)	Mar. 31, 2011 Priceline.com International Limited (PIL)	Jun. 30, 2010 Booking.com Limited
Acquisition of Controlling and Redeemable Controlling Interest						
Payments to purchase a controlling interest of the outstanding equity of TravelJigsaw Holdings Limited and its operating subsidiary			$ 108,500,000			
Percent purchased, by certain key members of the management team of Booking.com, of ownership interest in TravelJigsaw from PIL (as a percent)						3.00%
Reconciliation of redeemable noncontrolling interests						
Balance at the beginning of the period	45,751,000			45,751,000		
Net income attributable to redeemable noncontrolling interests				2,520,000		
Fair value adjustment combined				41,327,000		
Purchase of subsidiary shares at fair value				(12,986,000)		
Currency translation adjustments				3,000		
Balance at the end of the period	76,615,000			76,615,000		
Aggregate purchase price for a portion of the outstanding redeemable noncontrolling interests purchased by PIL	$ 12,986,000	$ 13,000,000				
Redeemable noncontrolling interest, before repurchase of shares (as a percent)					24.40%	
Redeemable noncontrolling interest (as a percent)		19.00%				

Proportion of redeemable shares subject to put and call options in each of 2011, 2012 and 2013	one-third

9 Months Ended
Sep. 30, 2011

5. INVESTMENTS

The following table summarizes, by major security type, the Company' s short-term investments as of September 30, 2011 (in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale securities				
Foreign government securities	$ 1,142,648	$ 817	$ (386)	$ 1,143,079
U.S. government securities	757,002	357	(55)	757,304
U.S. agency securities	52,538	9	(2)	52,545
U.S. corporate notes	30,365	174	–	30,539
Total	$ 1,982,553	$ 1,357	$ (443)	$ 1,983,467

As of September 30, 2011, foreign government securities included investments in debt securities issued by the governments of Germany, the Netherlands, France and the United Kingdom. The U.S. corporate notes are guaranteed by the federal government.

The following table summarizes, by major security type, the Company' s short-term investments as of December 31, 2010 (in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale securities				
Foreign government securities	$ 682,841	$ 558	$ (81)	$ 683,318
U.S. government securities	469,116	158	(66)	469,208
U.S. agency securities	109,920	15	(30)	109,905
U.S. corporate notes	40,845	–	(25)	40,820
Total	$ 1,302,722	$ 731	$ (202)	$ 1,303,251

There were no material realized gains or losses related to investments for the three or nine months ended September 30, 2011 or 2010.

OTHER ASSETS (Tables)

9 Months Ended
Sep. 30, 2011

OTHER ASSETS

Components of other assets

	September 30, 2011	December 31, 2010
Deferred debt issuance costs	$ 7,900	$ 9,576
Other	13,544	4,842
Total	$ 21,444	$ 14,418

DEBT (Details 2) (USD $) In Thousands	Sep. 30, 2011	Dec. 31, 2010
Convertible Debt		
Outstanding Principal Amount		$ 575,213
Unamortized Debt Discount		(98,808)
Carrying value		476,405
1.25% Convertible Senior Notes due March 2015		
Convertible Debt		
Outstanding Principal Amount	575,000	575,000
Unamortized Debt Discount	(82,831)	(98,770)
Carrying value	492,169	476,230
0.75% Convertible Senior Notes due September 2013		
Convertible Debt		
Outstanding Principal Amount		213
Unamortized Debt Discount		(38)
Carrying value		$ 175

FAIR VALUE MEASUREMENTS (Details 2)	9 Months Ended		3 Months Ended		9 Months Ended				
	Sep. 30, 2011 USD ($)	Sep. 30, 2010 USD ($)	Sep. 30, 2011 Foreign Currency Contracts USD ($)	Sep. 30, 2010 Foreign Currency Contracts USD ($)	Sep. 30, 2011 Foreign Currency Contracts USD ($)	Sep. 30, 2010 Foreign Currency Contracts USD ($)	Sep. 30, 2011 Foreign Currency Contracts EUR (€)	Dec. 31, 2010 Foreign Currency Contracts USD ($)	Dec. 31, 2010 Foreign Currency Contracts EUR (€)
Derivatives Not Designated as Hedging Instruments									
Foreign exchange derivative liabilities recorded in "Accrued expenses and other current liabilities"			$ 1,700,000		$ 1,700,000			$ 200,000	
Foreign exchange gains (losses) on derivatives recorded in "Foreign currency transactions and other" related to translation impact			3,900,000	(6,100,000)	1,900,000	2,100,000			
Foreign exchange derivative assets recorded in "Prepaid expenses and other current assets"			400,000		400,000			1,000,000	
Foreign exchange gains (losses) on derivatives recorded in "Foreign currency transactions and other" related to transaction impact			(900,000)	(100,000)	(1,000,000)	300,000			
Net cash outflow (inflow) from settlement of derivative contracts included in operating activities					2,800,000	(5,700,000)			
Derivatives Designated as Hedging Instruments									
Net investment hedging							605,000,000		378,000,000
Fair value of derivatives, net			45,500,000		45,500,000			(2,800,000)	
Derivative liabilities recorded in "Accrued expense and other current liabilities"								6,800,000	
Derivative assets recorded in "Prepaid expenses and other current assets"			45,500,000		45,500,000			4,000,000	
Payments on foreign currency contracts	42,032,000	4,283,000			36,800,000				
Proceeds from settlement of foreign currency contracts	$ 5,205,000	$ 44,564,000				$ 40,300,000			

FAIR VALUE MEASUREMENTS (Tables)

9 Months Ended
Sep. 30, 2011

FAIR VALUE MEASUREMENTS

Financial instruments carried at fair value

Financial assets and liabilities carried at fair value as of September 30, 2011 are classified in the table below in the categories described below (in thousands):

	Level 1	Level 2	Level 3	Total
ASSETS:				
Short-term investments				
Foreign government securities	$ –	$1,143,079	$ –	$1,143,079
U.S. government securities	–	757,304	–	757,304
U.S. agency securities	–	52,545	–	52,545
U.S. corporate notes	–	30,539	–	30,539
Foreign exchange derivatives	–	45,849	–	45,849
Total assets at fair value	$ –	$2,029,316	$ –	$2,029,316

	Level 1	Level 2	Level 3	Total
LIABILITIES:				
Foreign exchange derivatives	$ –	$ 1,669	$ –	$ 1,669
Redeemable noncontrolling interests	–	–	76,615	76,615
Total liabilities at fair value	$ –	$ 1,669	$ 76,615	$ 78,284

Financial assets and liabilities carried at fair value as of December 31, 2010 were classified in the table below in the categories described below (in thousands):

	Level 1	Level 2	Level 3	Total
ASSETS:				
Short-term investments				
Foreign government securities	$ –	$ 683,318	$ –	$ 683,318
U.S. government securities	–	469,208	–	469,208
U.S. agency securities	–	109,905	–	109,905
U.S. corporate notes	–	40,820	–	40,820
Long-term investments	–	394	–	394
Foreign exchange derivatives	–	4,970	–	4,970
Total assets at fair value	$ –	$ 1,308,615	$ –	$ 1,308,615

	Level 1	Level 2	Level 3	Total
LIABILITIES:				
Foreign exchange derivatives	$ –	$ 6,995	$ –	$ 6,995
Redeemable noncontrolling interests	–	–	45,751	45,751
Total liabilities at fair value	$ –	$ 6,995	$ 45,751	$ 52,746

TREASURY STOCK

9 Months Ended
Sep. 30, 2011

TREASURY STOCK.

TREASURY STOCK

10. TREASURY STOCK

As of September 30, 2011, the Company has a remaining amount from all authorizations granted by the Board of Directors of $459.2 million to purchase its common stock. The Company may make additional repurchases of shares under its stock repurchase programs, depending on prevailing market conditions, alternate uses of capital and other factors. Whether and when to initiate and/or complete any purchase of common stock and the amount of common stock purchased will be determined in the Company' s complete discretion.

The Company' s Board of Directors has also given the Company the general authorization to repurchase shares of its common stock to satisfy employee withholding tax obligations related to stock-based compensation. The Company repurchased 356,979 shares and 84,002 shares at aggregate costs of $162.4 million and $19.6 million in the nine months ended September 30, 2011 and 2010, respectively, to satisfy employee withholding taxes related to stock-based compensation.

As of September 30, 2011, there were approximately 7.8 million shares of the Company' s common stock held in treasury.

In the first quarter of 2010, the Company' s Board of Directors authorized the repurchase of up to $500 million of the Company' s common stock, including the approval to purchase up to $100 million using proceeds from the issuance of the 2015 Notes. The Company repurchased 0.4 million shares of its common stock at an aggregate cost of approximately $100 million in the three months that ended March 31, 2010. During the three months ended June 30, 2010, the Company repurchased 32,487 shares of its common stock at an aggregate cost of approximately $6.1 million.

BASIS OF PRESENTATION

9 Months Ended Sep. 30, 2011

BASIS OF PRESENTATION
BASIS OF PRESENTATION

1. BASIS OF PRESENTATION

Priceline.com Incorporated ("priceline.com" or the "Company") is responsible for the Unaudited Consolidated Financial Statements included in this document. The Unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include all normal and recurring adjustments that management of the Company considers necessary for a fair presentation of its financial position and operating results. The Company prepared the Unaudited Consolidated Financial Statements following the requirements of the Securities and Exchange Commission for interim reporting. As permitted under those rules, the Company condensed or omitted certain footnotes or other financial information that are normally required by GAAP for annual financial statements. These statements should be read in combination with the Consolidated Financial Statements in the Company' s Annual Report on Form 10-K for the year ended December 31, 2010.

The Unaudited Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries and its majority-owned interest in TravelJigsaw Holdings Limited since its acquisition in May 2010. All intercompany accounts and transactions have been eliminated in consolidation. The functional currency of the Company' s foreign subsidiaries is generally the respective local currency. Assets and liabilities are translated into U.S. Dollars at the rate of exchange existing at the balance sheet date. Income statement amounts are translated at the average exchange rates for the period. Translation gains and losses are included as a component of "Accumulated other comprehensive loss" in the accompanying Unaudited Consolidated Balance Sheets. Foreign currency transaction gains and losses are included in the Unaudited Consolidated Statements of Operations in "Foreign currency transactions and other."

Revenues, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these interim financial statements may not be the same as those for the full year.

Recent Accounting Pronouncements

In May 2010, the Financial Accounting Standards Board ("FASB") issued amended guidance on fair value to largely achieve common fair value measurement and disclosure requirements between U.S. GAAP and International Financial Reporting Standards ("IFRS"). The new accounting guidance does not extend the use of fair value but rather provides guidance about how fair value should be determined. For U.S. GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS. Amendments that clarify the Board' s intent under existing requirements include: (a) use of the highest and best use and valuation premise concept should be limited to nonfinancial assets; (b) disclosure should include quantitative information about the unobservable inputs used in a fair value measurement that is categorized within Level 3 of the fair value hierarchy; and (c) the fair value of an instrument classified in an entity' s equity should be valued from the perspective of a market participant that holds that instrument as an asset. The amended guidance changes requirements as follows: (a) disclosures are expanded, particularly those relating to fair value measurements based on unobservable inputs, (b) fair value measurements for financial assets and liabilities based on a net position are permitted if market or credit risks are managed on a net basis and other criteria are met, and (c) premiums and discounts are allowed only if a market participant would also include them in the fair value measurement. This accounting update is effective for public companies for interim or annual periods beginning after December 15, 2011, with early

adoption permitted. The Company does not expect the adoption of this new accounting guidance will impact its accounting policies and practices or disclosures.

In June 2010, the FASB issued amended accounting guidance on the presentation of other comprehensive income in financial statements by requiring comprehensive income to be reported in either a single statement or in two consecutive statements reporting net income and other comprehensive income. The accounting guidance did not change the items that constitute net income or other comprehensive income, the timing of when other comprehensive income is reclassified to net income, or the earnings per share computation. The accounting update requires retrospective application. Public entities will be required to adopt the guidance for fiscal years, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. The Company will comply with the change in presentation of other comprehensive income in the financial statements beginning in the first quarter of 2012.

In September 2011, the FASB issued an accounting update, which amends the guidance on testing goodwill for impairment. Under the revised guidance, entities testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting unit. If, based on the qualitative factors, it is more-likely-than not that the fair value of the reporting unit is less than its carrying value, then the unchanged two-step approach previously used would be required. The new accounting guidance does not change how goodwill is calculated, how goodwill is assigned to the reporting unit, or the requirements for testing goodwill annually or when events and circumstances warrant testing. The accounting update is effective for annual and interim periods beginning after December 15, 2011. Early adoption of the update is permitted. During the three months ended September 30, 2011, the Company performed its annual quantitative goodwill impairment testing, and concluded that the estimated fair value for each reporting unit substantially exceeds its respective carrying value. This new accounting guidance will not have a significant impact on the Company.

NET INCOME PER SHARE (Details 2) (0.75% Convertible Senior Notes due September 2013)	Sep. 30, 2011	Dec. 31, 2006
0.75% Convertible Senior Notes due September 2013		
Conversion Spread Hedges		
Interest rate on Convertible Senior Notes (as a percent)	0.75%	0.75%

INTANGIBLE ASSETS AND GOODWILL

9 Months Ended Sep. 30, 2011

INTANGIBLE ASSETS AND GOODWILL
INTANGIBLE ASSETS AND GOODWILL

7. INTANGIBLE ASSETS AND GOODWILL

The Company' s intangible assets consist of the following (in thousands):

	September 30, 2011			December 31, 2010				
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Amortization Period	Weighted Average Useful Life
Supply and distribution agreements	$ 264,252	$ (93,239)	$ 171,013	$ 264,491	$ (76,823)	$ 187,668	10 - 13 years	12 years
Technology	23,546	(23,222)	324	23,549	(22,119)	1,430	3 years	3 years
Patents	1,638	(1,387)	251	1,638	(1,352)	286	15 years	15 years
Customer lists	20,327	(19,040)	1,287	20,338	(17,512)	2,826	2 years	2 years
Internet domain names	5,080	(465)	4,615	1,853	(126)	1,727	2 - 20 years	10 years
Trade names	52,994	(19,816)	33,178	53,099	(15,064)	38,035	5 - 20 years	11 years
Other	345	(320)	25	344	(286)	58	3 - 10 years	4 years
Total intangible assets	$ 368,182	$ (157,489)	$ 210,693	$ 365,312	$ (133,282)	$ 232,030		

Intangible assets with determinable lives are primarily amortized on a straight-line basis. Intangible asset amortization expense was approximately $8.4 million and $10.6 million for the three months ended September 30, 2011 and 2010, respectively, and approximately $25.3 million and $24.2 million for the nine months ended September 30, 2011 and 2010, respectively.

The estimated amortization expense for intangible assets for the remainder of 2011, the annual expense for the next five years, and the expense thereafter is expected to be as follows (in thousands):

2011	$ 7,826
2012	29,952
2013	28,680
2014	28,606
2015	25,900
2016	23,317
Thereafter	66,412
	$ 210,693

The change in goodwill for the nine months ended September 30, 2011 consists of the following (in thousands):

Balance at December 31, 2010	$ 510,894

Currency translation adjustments	(740)
Balance at September 30, 2011	$ 510,154

A substantial majority of the Company' s goodwill relates to the acquisition of Booking.com. In addition, the acquisition of TravelJigsaw Holdings Limited in May 2010 increased goodwill by $105.3 million (refer to Note 12). During the three months ended September 30, 2011, the Company performed its annual goodwill impairment testing and concluded that the estimated fair value for Booking.com, as well as the Company' s other reporting units, substantially exceeds their respective carrying values.

12. REDEEMABLE NONCONTROLLING INTERESTS

On May 18, 2010, the Company, through its wholly-owned subsidiary, Priceline.com International Limited ("PIL"), paid $108.5 million, net of cash acquired, to purchase a controlling interest of the outstanding equity of TravelJigsaw Holdings Limited and its operating subsidiary, TravelJigsaw Limited (collectively, "TravelJigsaw"), a Manchester, UK-based international rental car reservation service.

Certain key members of TravelJigsaw' s management team retained a noncontrolling ownership interest in TravelJigsaw Holdings Limited. In addition, certain key members of the management team of Booking.com purchased a 3% ownership interest in TravelJigsaw from PIL in June 2010 (together with TravelJigsaw management' s investment, the "Redeemable Shares"). The holders of the Redeemable Shares have the right to put their shares to PIL and PIL will have the right to call the shares in each case at a purchase price reflecting the fair value of the Redeemable Shares at the time of exercise. Subject to certain exceptions, one-third of the Redeemable Shares have been or will be, as the case may be, subject to the put and call options in each of 2011, 2012 and 2013, respectively, during specified option exercise periods. In April 2011, in connection with the exercise of March 2011 call and put options, PIL purchased a portion of the shares underlying redeemable noncontrolling interests for an aggregate purchase price of approximately $13.0 million. As a result of the April 2011 purchase, the redeemable noncontrolling interests in TravelJigsaw Holdings Limited were reduced from 24.4% to 19.0%.

Redeemable noncontrolling interests are measured at fair value, both at the date of acquisition and subsequently at each reporting period. The redeemable noncontrolling interests are reported on the Company' s Unaudited Consolidated Balance Sheets in the mezzanine section in "Redeemable noncontrolling interests."

A reconciliation of redeemable noncontrolling interests for the nine months ended September 30, 2011 is as follows (in thousands):

	2011
Balance, December 31, 2010	$ 45,751
Net income attributable to redeemable noncontrolling interests	2,520
Fair value adjustments(1)	41,327
Purchase of subsidiary shares at fair value(1)	(12,986)
Currency translation adjustments	3
Balance, September 30, 2011	$ 76,615

(1) The estimated fair value was based upon standard valuation techniques using discounted cash flow analysis and industry peer comparable analysis.

8. OTHER ASSETS

Other assets at September 30, 2011 and December 31, 2010 consist of the following (in thousands):

	September 30, 2011	December 31, 2010
Deferred debt issuance costs	$ 7,900	$ 9,576
Other	13,544	4,842
Total	$ 21,444	$ 14,418

Deferred debt issuance costs arose from (i) the Company' s issuance, in March 2010, of $575.0 million aggregate principal amount of 1.25% Convertible Senior Notes due 2015 (the "2015 Notes"); (ii) a $175.0 million revolving credit facility entered into in September 2007; and (iii) the Company' s issuance, in September 2006, of $172.5 million aggregate principal amount of 2013 Notes. Deferred debt issuance costs are being amortized using the effective interest rate method over the term of approximately five years, except for the 2013 Notes which were amortized over their term of seven years. The period of amortization for the Company' s debt issue costs was determined at inception of the related debt agreements based upon the stated maturity date. Unamortized debt issuance costs written off to interest expense in the three and nine months ended September 30, 2010 resulting from conversions of convertible debt amounted to $0.3 million and $1.3 million, respectively. Unamortized debt issuance costs written off in the nine months ended September 30, 2011 for debt conversions were insignificant.

STOCK-BASED EMPLOYEE COMPENSATION (Details) (USD $) In Thousands, except Share data, unless otherwise specified	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011 Years Months Cases	Sep. 30, 2010
STOCK-BASED EMPLOYEE COMPENSATION				
Stock-based compensation	$ 13,298	$ 21,176	$ 40,404	$ 48,550
Stock options, exercised (in shares)			145,015	
Stock options, weighted average exercise price (in dollars per share)	$ 27.52		$ 27.52	
Stock options, outstanding and exercisable (in shares)	210,453		210,453	
Stock options, weighted average exercise price (in dollars per share)	$ 20.88		$ 20.88	
Stock options, weighted average remaining term (in years)			2.5	

6. FAIR VALUE MEASUREMENTS

Financial assets and liabilities carried at fair value as of September 30, 2011 are classified in the table below in the categories described below (in thousands):

	Level 1	Level 2	Level 3	Total
ASSETS:				
Short-term investments				
Foreign government securities	$ –	$1,143,079	$ –	$1,143,079
U.S. government securities	–	757,304	–	757,304
U.S. agency securities	–	52,545	–	52,545
U.S. corporate notes	–	30,539	–	30,539
Foreign exchange derivatives	–	45,849	–	45,849
Total assets at fair value	$ –	$2,029,316	$ –	$2,029,316

	Level 1	Level 2	Level 3	Total
LIABILITIES:				
Foreign exchange derivatives	$ –	$ 1,669	$ –	$ 1,669
Redeemable noncontrolling interests	–	–	76,615	76,615
Total liabilities at fair value	$ –	$ 1,669	$ 76,615	$ 78,284

Financial assets and liabilities carried at fair value as of December 31, 2010 were classified in the table below in the categories described below (in thousands):

	Level 1	Level 2	Level 3	Total
ASSETS:				
Short-term investments				
Foreign government securities	$ –	$ 683,318	$ –	$ 683,318
U.S. government securities	–	469,208	–	469,208
U.S. agency securities	–	109,905	–	109,905
U.S. corporate notes	–	40,820	–	40,820
Long-term investments	–	394	–	394
Foreign exchange derivatives	–	4,970	–	4,970
Total assets at fair value	$ –	$ 1,308,615	$ –	$ 1,308,615

	Level 1	Level 2	Level 3	Total
LIABILITIES:				
Foreign exchange derivatives	$ –	$ 6,995	$ –	$ 6,995
Redeemable noncontrolling interests	–	–	45,751	45,751
Total liabilities at fair value	$ –	$ 6,995	$ 45,751	$ 52,746

There are three levels of inputs to measure fair value. The definition of each input is described below:

Level 1: Quoted prices in active markets that are accessible by the Company at the measurement date for identical assets and liabilities.

Level 2: Inputs that are observable, either directly or indirectly. Such prices may be based upon quoted prices for identical or comparable securities in active

markets or inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available.

For the Company' s short-term investments, a market approach is used for recurring fair value measurements and the valuation techniques use inputs that are observable, or can be corroborated by observable data, in an active marketplace. Investments in U.S. Treasury and foreign government securities are considered "Level 2" fair value measurements as of September 30, 2011 and December 31, 2010 because the Company has access to quoted prices, but does not have visibility to the volume and frequency of trading for all of these investments. Fair values for U.S. agency securities and U.S. corporate notes, which are guaranteed by the federal government, are considered "Level 2" fair value measurements because they are obtained from pricing sources for these or comparable instruments.

The Company' s derivative instruments are valued using pricing models. Pricing models take into account the contract terms as well as multiple inputs where applicable, such as interest rate yield curves, option volatility and currency rates.

As of September 30, 2011 and December 31, 2010, the Company considers its redeemable noncontrolling interests to represent a "Level 3" fair value measurement that requires a high degree of judgment to determine fair value. The Company estimated such fair value based upon standard valuation techniques using discounted cash flow analysis and industry peer comparable analysis. See Note 12 for further information on redeemable noncontrolling interests.

As of September 30, 2011 and December 31, 2010, the carrying value of the Company' s cash and cash equivalents approximated their fair value and consisted primarily of foreign government securities, U.S. Treasury money market funds and bank deposits. Other financial assets and liabilities, including restricted cash, accounts receivable, accrued expenses and deferred merchant bookings are carried at cost which approximates their fair value because of the short-term nature of these items. See Note 5 for information on the carrying value of investments and Note 9 for the estimated fair value of the Company' s convertible debt.

In the normal course of business, the Company is exposed to the impact of foreign currency fluctuations. The Company limits these risks by following established risk management policies and procedures, including the use of derivatives. The Company' s derivative instruments are typically short-term in nature. The Company does not use derivatives for trading or speculative purposes. All derivative instruments are recognized in the Unaudited Consolidated Balance Sheets at fair value. Gains and losses resulting from changes in the fair value of derivative instruments which are not designated as hedging instruments for accounting purposes are recognized in the Unaudited Consolidated Statements of Operations in the period that the changes occur. Changes in the fair value of derivatives designated as net investment hedges are recorded as currency translation adjustments to offset a portion of the translation adjustment of the foreign subsidiary' s net assets and are recognized in the Unaudited Consolidated Balance Sheets in "Accumulated other comprehensive loss."

Derivatives Not Designated as Hedging Instruments − The Company is exposed to adverse movements in currency exchange rates as the financial results of its international operations are translated from local currency into U.S. Dollars upon consolidation. The Company' s derivative contracts principally address foreign exchange fluctuations for the Euro and British Pound Sterling. As of September 30, 2011, there were no outstanding derivative contracts. As of December 31, 2010, these derivatives resulted in a liability of $0.2 million and were recorded in "Accrued expenses and other current liabilities" on the Unaudited Consolidated Balance Sheet. Foreign exchange gains of $3.9 million and $1.9 million for the three and nine months ended September 30, 2011, respectively, and foreign exchange losses of $6.1 million and foreign exchange gains of $2.1 million for the three and nine months ended September 30, 2010, respectively, were recorded in "Foreign currency transactions and other" in the Unaudited Consolidated Statements of Operations.

Derivatives associated with foreign currency transaction risks as of September 30, 2011 resulted in an asset of $0.4 million, which was recorded in "Prepaid and other current assets", and a liability of $1.7 million, which is recorded in "Accrued expenses and other current liabilities" in the Unaudited Consolidated Balance Sheet. Derivatives associated with foreign currency transaction risks as of December 31, 2010 resulted in an asset of $1.0 million and was recorded in "Prepaid expenses and other current assets" in the Unaudited Consolidated Balance Sheet. Foreign exchange losses of $0.9 million and $1.0 million for the three and nine months ended September 30, 2011, respectively, and foreign exchange losses of $0.1 million and foreign exchange gains of $0.3 million for the three and nine months ended September 30, 2010, respectively, were recorded in "Foreign currency transactions and other" in the Unaudited Consolidated Statements of Operations.

The settlement of derivative contracts resulted in a net cash outflow of $2.8 million for the nine months ended September 30, 2011 compared to net cash received of $5.7 million for the nine months ended September 30, 2010 and are reported within "Net cash provided by operating activities" on the Unaudited Consolidated Statements of Cash Flows.

Derivatives Designated as Hedging Instruments − As of September 30, 2011 and December 31, 2010, the Company had outstanding foreign currency forward contracts for 605 million Euros and 378 million Euros, respectively, to hedge a portion of its net investment in a foreign subsidiary. These contracts are all short-term in nature. Hedge ineffectiveness is assessed and measured based on changes in forward exchange rates. The fair value of these derivatives at September 30, 2011 was an asset of $45.5 million and is recorded in "Prepaid expenses and other current assets" in the Unaudited Consolidated Balance Sheet. At December 31, 2010, the net liability of $2.8 million was recorded as a liability of $6.8 million in "Accrued expenses and other current liabilities" and as an asset of $4.0 million in "Prepaid expenses and other current assets" in the Unaudited Consolidated Balance Sheet. A net cash outflow of $36.8 million for the nine months ended September 30, 2011, compared to net cash received of $40.3 million for the nine months ended September 30, 2010, was reported within "Net cash used in investing activities" on the Unaudited Consolidated Statements of Cash Flows.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (Parenthetical) (USD $) In Thousands	9 Months Ended Sep. 30, 2011
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY	
Unrealized gain on marketable securities, tax	$ 112
Currency translation adjustments, tax	$ 4,598

SUBSEQUENT EVENT

SUBSEQUENT EVENT
SUBSEQUENT EVENT

9 Months Ended
Sep. 30, 2011

2. SUBSEQUENT EVENT

In October 2011, the Company entered into a $1 billion five-year unsecured revolving credit facility with a group of lenders. Borrowings under the revolving credit facility will bear interest, at the Company' s option, at a rate per annum equal to either (i) the adjusted LIBOR for the interest period in effect for such borrowing plus an applicable margin ranging from 1.00% to 1.50%; or (ii) the greatest of (a) JPMorgan Chase Bank, National Association' s prime lending rate, (b) the federal funds rate plus ½ of 1%, and (c) an adjusted LIBOR for an interest period of one month plus 1.00%, plus an applicable margin ranging from 0.00% to 0.50%. Undrawn balances available under the revolving credit facility are subject to commitment fees at the applicable rate ranging from 0.10% to 0.25%.

The revolving credit facility provides for the issuance of up to $100.0 million of letters of credit as well as borrowings of up to $50 million on same-day notice, referred to as swingline loans. Borrowings under the revolving credit facility may be made in U.S. dollars, Euros, Pounds Sterling and any other foreign currency agreed to by the lenders. The proceeds of loans made under the facility will be used for working capital and general corporate purposes. As of November 7, 2011, there were no borrowings under the facility, and approximately $1.8 million of letters of credit were issued under the facility.

Upon entering into this new revolving credit facility, the Company terminated its $175.0 million revolving credit facility entered into in 2007 (see Note 9).

OTHER ASSETS (Details)

(USD $) In Thousands	Sep. 30, 2011	Dec. 31, 2010
OTHER ASSETS		
Deferred debt issuance costs	$ 7,900	$ 9,576
Other	13,544	4,842
Total other assets	$ 21,444	$ 14,418

SUBSEQUENT EVENT (Details) (USD $)	Oct. 31, 2011	Nov. 07, 2011 New credit facility 2011 Revolving Credit Facility	Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility Years	1 Months Ended Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility Federal funds rate	Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility LIBOR	Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility LIBOR Minimum	Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility LIBOR Maximum	1 Months Ended Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility One Month LIBOR	Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility One Month LIBOR Minimum	Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility One Month LIBOR Maximum	1 Months Ended Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility Minimum	Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility Maximum
Subsequent event												
Revolving credit facility			$ 1,000,000,000									
Period of revolving credit facility (in years)			5									
Variable rate basis				Federal funds rate	LIBOR			One month LIBOR				
Basis spread on variable rate				0.50%				1.00%				
Applicable margin added to base rate (as a percent)						1.00%	1.50%		0.00%	0.50%		
Revolving credit facility, commitment fees at the applicable rate											0.10%	0.25%
Letters of credit, maximum amount issuable under credit facility			100,000,000									
Swing loans, maximum borrowing capacity under credit facility			50,000,000									
Letters of credit issued by the company under revolving credit facility		1,800,000										
Borrowing capacity of the terminated line of credit facility	$ 175,000,000											

STOCK-BASED EMPLOYEE COMPENSATION

9 Months Ended

Sep. 30, 2011

STOCK-BASED EMPLOYEE COMPENSATION
STOCK-BASED EMPLOYEE COMPENSATION

3. STOCK-BASED EMPLOYEE COMPENSATION

The Company has adopted stock compensation plans which provide for grants of share based compensation as incentives and rewards to encourage employees, officers, and directors to contribute towards the long-term success of the Company. Stock-based compensation cost included in personnel expenses in the Unaudited Consolidated Statements of Operations was approximately $13.3 million and $21.2 million, and $40.4 million and $48.6 million for the three and nine months ended September 30, 2011 and 2010, respectively.

During the nine months ended September 30, 2011, stock options were exercised for 145,015 shares of common stock with a weighted average exercise price per share of $27.52. As of September 30, 2011, the aggregate number of stock options outstanding and exercisable was 210,453 shares, with a weighted average exercise price per share of $20.88 and a weighted average remaining term of 2.5 years.

The following table summarizes the activity of unvested restricted stock, restricted stock units and performance share units ("Share-Based Awards") during the nine months ended September 30, 2011.

Share-Based Awards	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2010	**1,530,647**	**$ 130.93**
Granted	117,790	$ 465.07
Vested	(853,480)	$ 113.36
Performance Share Units Adjustment	(13,411)	$ 125.56
Forfeited	(70,179)	$ 176.95
Unvested at September 30, 2011	**711,367**	**$ 202.90**

As of September 30, 2011, there was $74.9 million of total future compensation cost related to unvested share-based awards to be recognized over a weighted-average period of 1.9 years.

During the three months ended September 30, 2011, the Company made broad-based grants of 607 restricted stock units ("RSUs") that generally vest over four years. The share-based awards granted had a total grant date fair value of $0.3 million based upon the grant date fair value per share of $500.16.

During the three months ended June 30, 2011, the Company made broad-based grants of 191 RSUs that generally vest over four years. The share-based awards granted had a total grant date fair value of $0.1 million based upon the grant date fair value per share of $523.96.

During the three months ended March 31, 2011, the Company made broad-based grants of 39,848 RSUs that generally vest after three years. The share based awards granted had a total grant date fair value of $18.5 million based upon the grant date fair value per share of $464.79.

In addition, during the three months ended March 31, 2011, the Company granted 77,144 performance share units to certain executives. The performance share units had a total grant date fair value of $35.9 million based upon the grant date fair value per share of $464.79. The performance share units are payable in shares of the Company' s common stock upon vesting. Subject to certain exceptions for terminations related to a change in control and terminations other than for "cause," for "good reason" or on account of death or disability, the executive officers must continue their service through March 1, 2014 in order to receive any shares. Stock-based compensation for performance share units is recorded based on the estimated probable outcome at the end of the performance period. The actual number of shares to be issued on the vesting date will be determined upon completion of the performance period which ends December 31, 2013. As of September 30, 2011, the estimated number of probable shares to be issued under this 2011 grant is a total of 77,144 shares. If the maximum performance thresholds are met at the end of the performance period, a maximum number of 164,508 total shares could be issued. If the minimum performance thresholds are not met, 22,796 shares would be issued at the end of the performance period.

2010 Performance Shares Units

During the year ended December 31, 2010, the Company granted 110,430 performance shares units with a grant date fair value of $26.0 million, based on a weighted average grant date fair value per share of $235.34. The actual number of shares will be determined upon completion of the performance period which ends December 31, 2012.

At September 30, 2011, there were 93,745 unvested performance share units outstanding, net of actual forfeitures and vesting. As of September 30, 2011, the number of shares estimated to be issued at the end of the performance period is a total of 216,793 shares. If the maximum performance thresholds are met at the end of the performance period, a maximum of 226,505 total shares could be issued.

DEBT (Details) (USD $)	Oct. 31, 2011	1 Months Ended Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility Federal funds rate	Sep. 30, 2007 Federal funds rate Minimum 2007 Revolving credit facility	Sep. 30, 2007 Federal funds rate Maximum 2007 Revolving credit facility	Sep. 30, 2007 Federal funds rate 2007 Revolving credit facility	Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility LIBOR	Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility LIBOR Minimum	Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility LIBOR Maximum	Sep. 30, 2007 LIBOR Minimum 2007 Revolving credit facility	Sep. 30, 2007 LIBOR Maximum 2007 Revolving credit facility	Sep. 30, 2007 LIBOR 2007 Revolving credit facility	Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility Maximum	Sep. 30, 2007 Maximum 2007 Revolving credit facility	Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility Minimum	Sep. 30, 2007 Minimum 2007 Revolving credit facility	Sep. 30, 2007 2007 Revolving credit facility Years	Sep. 30, 2011 2007 Revolving credit facility	Dec. 31, 2010 2007 Revolving credit facility	Nov. 07, 2011 New credit facility 2011 Revolving Credit Facility	Oct. 31, 2011 New credit facility 2011 Revolving Credit Facility Years
Revolving Credit Facility																				
Revolving credit facility, commitment fees at the applicable rate												0.25%	0.375%	0.10%	0.25%					
Basis spread on variable rate		0.50%			0.50%															
Applicable margin added to base rate (as a percent)			0.25%	0.75%			1.00%	1.50%	1.25%	1.75%										
Variable rate basis		Federal funds rate			Federal funds rate	LIBOR					LIBOR									
Revolving credit facility																$ 175,000,000				
Revolving credit facility																				1,000,000,000
Period of revolving credit facility (in years)																5				5
Interest rate terms																Borrowings under the revolving credit facility will bear interest, at the Company's option, at a rate per annum equal to the greater of (a) JPMorgan Chase Bank, National Association's prime lending rate and (b) the federal funds rate plus 1/2 of 1%, plus an applicable margin ranging from 0.25% to 0.75%; or at an adjusted LIBOR for the interest period in effect for such borrowing plus an applicable margin ranging from 1.25% to 1.75%.				
Letters of credit, maximum amount issuable under credit facility																	50,000,000			100,000,000
Letters of credit issued by the company under revolving credit facility																	1,800,000	1,600,000	1,800,000	
Borrowing capacity of the terminated line of credit facility	$ 175,000,000																			

DEBT (Tables)

9 Months Ended
Sep. 30, 2011

DEBT

Schedule of convertible debt

Convertible debt as of September 30, 2011 consists of the following (in thousands):

September 30, 2011	Outstanding Principal Amount	Unamortized Debt Discount	Carrying Value
1.25% Convertible Senior Notes due March 2015	$ 575,000	$ (82,831)	$ 492,169

Convertible debt as of December 31, 2010 consisted of the following (in thousands):

December 31, 2010	Outstanding Principal Amount	Unamortized Debt Discount	Carrying Value
1.25% Convertible Senior Notes dues March 2015	$ 575,000	$ (98,770)	$ 476,230
0.75% Convertible Senior Notes due September 2013	213	(38)	175
Outstanding convertible debt	$ 575,213	$ (98,808)	$ 476,405

STOCK-BASED EMPLOYEE COMPENSATION (Details 2) (USD $) In Millions, except Share data, unless specified	9 Months Ended		3 Months Ended					3 Months Ended			12 Months Ended	
	Sep. 30, 2011 Years Months Cases	Sep. 30, 2011 Restricted Stock Units, Performance Share Units and Restricted Stock Awards	Sep. 30, 2011 Restricted stock unit	Jun. 30, 2011 Restricted stock unit	Mar. 31, 2011 Restricted stock unit	Sep. 30, 2011 Minimum 2011 Performance Share Units - Certain Executive Units	Sep. 30, 2011 Maximum 2011 Performance Share Units - Certain Executive Units	Mar. 31, 2011 2011 Performance Share Units - Certain Executive Units	Sep. 30, 2011 2011 Performance Share Units - Certain Executive Units	Sep. 30, 2011 Maximum 2010 Performance Share Units	Dec. 31, 2010 2010 Performance Share Units	Sep. 30, 2011 2010 Performance Share Units
Share-Based Awards - Shares												
Unvested, at the beginning of the period (in shares)		1,530,647										93,745
Granted (in shares)		117,790	607	191	39,848			77,144			110,430	
Vested (in shares)		(853,480)										
Performance Share Units Adjustment (in shares)		(13,411)										
Forfeited (in shares)		(70,179)										
Unvested, at the end of the period (in shares)		711,367										93,745
Share-Based Awards - Weighted Average Grant Date Fair Value												
Unvested, at the beginning of the period (in dollars per share)		$ 130.93										
Granted (in dollars per share)		$ 465.07	$ 500.16	$ 523.96	$ 464.79			$ 464.79			$ 235.34	
Vested (in dollars per share)		$ 113.36										
Performance Shares Adjustment (in dollars per share)		$ 125.56										
Forfeited (in dollars per share)		$ 176.95										
Unvested, at the end of the period (in dollars per share)		$ 202.90										
Share-Based Awards - Other Disclosures												
Total future compensation cost related to unvested Share-Based Awards	$ 74.9											
Total future compensation cost related to unvested Share-Based Awards, expected period of recognition (in years)	1.9											
Stock based compensation, vesting period (in years)			4Y	4Y	3Y							
Total grant date fair value			$ 0.3	$ 0.1	$ 18.5			$ 35.9			$ 26.0	
Estimated number of probable shares to be issued (in shares)									77,144			216,793
Number of probable shares to be issued on meeting specified performance thresholds (in shares)						22,796	164,508			226,505		

OTHER ASSETS (Details 2) (USD $) In Millions, unless otherwise specified	3 Months Ended Sep. 30, 2010	9 Months Ended Sep. 30, 2010	3 Months Ended Mar. 31, 2010 1.25% Convertible Senior Notes due March 2015 Years	1 Months Ended Sep. 30, 2007 2011 Revolving Credit Facility Years	Sep. 30, 2006 0.75% Convertible Senior Notes due September 2013 Years	Sep. 30, 2011 0.75% Convertible Senior Notes due September 2013	Dec. 31, 2006 0.75% Convertible Senior Notes due September 2013
Debt Instrument							
Aggregate principal amount			$ 575.0	$ 175.0	$ 172.5		$ 172.5
Interest rate stated percentage (as a percent)			1.25%			0.75%	0.75%
Deferred debt issuance cost, amortization period (in years)			5	5	7		
Unamortized debt issuance costs written off to interest expense related to early conversion of convertible debt	$ 0.3	$ 1.3					

COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE LOSS (Tables)

9 Months Ended

Sep. 30, 2011

COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE LOSS

Detail of comprehensive income

	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Net income applicable to common stockholders	$ 469,499	$ 222,980	$ 830,655	$ 391,812
Net unrealized gain (loss) on investment securities	665	(163)	180	87
Currency translation gain (loss)	(79,978)	75,788	(27,126)	(16,135)
Comprehensive income	$ 390,186	$ 298,605	$ 803,709	$ 375,764

Balances for each classification of accumulated other comprehensive loss

	September 30, 2011	December 31, 2010
Foreign currency translation adjustments (1)	$ (60,533)	$ (33,407)
Net unrealized gain on investment securities (2)	698	518
Accumulated other comprehensive loss	$ (59,835)	$ (32,889)

(1) Includes net gains from fair value adjustments at September 30, 2011 of $22,722 after tax ($38,631 before tax) and net gains from fair value adjustments at December 31, 2010 of $15,827 after tax ($27,138 before tax) associated with net investment hedges (see Note 6). The remaining balance in currency translation adjustments excludes income taxes due to the Company' s practice and intention to reinvest the earnings of its foreign subsidiaries in those operations.

(2) The unrealized gain before tax at September 30, 2011 and December 31, 2010 was $985 and $714, respectively.

INCOME TAXES

INCOME TAXES

INCOME TAXES

	9 Months Ended Sep. 30, 2011

11. INCOME TAXES

Income tax expense includes U.S. and international income taxes, determined using an estimate of the Company' s annual effective tax rate. A deferred tax liability is recognized for all taxable temporary differences, and a deferred tax asset is recognized for all deductible temporary differences and operating loss and tax credit carryforwards. A valuation allowance is recognized if it is more likely than not that some portion of the deferred tax asset will not be realized.

The Company recognizes income tax expense related to income generated outside of the United States based upon the applicable tax rates and tax laws of the foreign countries in which the income is generated. During the three and nine months ended September 30, 2011 and 2010, the substantial majority of the Company' s foreign-sourced income has been generated in the Netherlands and the United Kingdom. Income tax expense for the three and nine months ended September 30, 2011 and 2010 differs from the expected tax expense at the U.S. statutory rate of 35%, primarily due to lower foreign tax rates, partially offset by state income taxes and certain non-deductible expenses. In addition, following the conclusion of an audit, the Company reversed a reserve of approximately $12.5 million in the three months ended June 30, 2011 for unrecognized tax benefits attributable to tax positions taken in 2010. The Company does not expect further significant changes in the amount of unrecognized tax benefits during the next twelve months.

Effective January 1, 2010, the Netherlands modified its corporate income tax law related to income generated from qualifying "innovative" activities ("Innovation Box Tax"). Earnings that qualify for the Innovation Box Tax will effectively be taxed at the rate of 5% rather than the Dutch statutory rate of 25%. Booking.com obtained a ruling from the Dutch tax authorities in February 2011 confirming that a portion of its earnings ("qualifying earnings") is eligible for Innovation Box Tax treatment. The ruling from the Dutch tax authorities is valid from January 1, 2010 through December 31, 2013 (the "Initial Period"). In this ruling, the Dutch tax authorities require that the Innovation Box Tax benefit be phased in over a multi-year period. The amount of qualifying earnings expressed as a percentage of the total pretax earnings in the Netherlands will vary depending upon the level of total pretax earnings that is achieved in any given year.

In order to be eligible for Innovation Box Tax treatment, Booking.com must, among other things, apply for and obtain a research and development ("R&D") certificate from a Dutch governmental agency every six months confirming that the activities that Booking.com intends to be engaged in over the subsequent six month period are "innovative." Should Booking.com fail to secure such a certificate in any such period − for example, because the governmental agency does not view Booking.com' s new or anticipated activities as "innovative" − or should this agency determine that the activities contemplated to be performed in a prior year were not performed as contemplated or did not comply with the agency' s requirements, Booking.com may lose its certificate and, as a result, the Innovation Box Tax benefit may be reduced or eliminated.

After the Initial Period, Booking.com intends to reapply for continued Innovation Box Tax treatment for future periods. There can be no assurance that Booking.com' s application will be accepted, or that the amount of qualifying earnings or applicable tax rates will not be reduced at that time. In addition, there can be no assurance that the tax law will not change in 2011 and/ or future years resulting in a reduction or elimination of the tax benefit.

The Innovation Box Tax did not have a material impact on the Company' s 2010 results. The Company currently expects the impact of the Innovation Box Tax to reduce its consolidated effective income tax rate for 2011 by approximately two to four percentage points.

The Company has significant deferred tax assets, resulting principally from domestic net operating loss carryforwards ("NOLs"). At December 31, 2010, the Company had approximately $2.7 billion of NOLs for U.S. federal income tax purposes, comprised of $0.6 billion of NOLs generated from operating losses and approximately $2.1 billion of NOLs generated from equity-related transactions, including equity-based compensation and stock warrants, mainly expiring from December 31, 2019 to December 31, 2021. The utilization of these NOLs is subject to limitation under Section 382 of the Internal Revenue Code and is also dependent on the Company' s ability to generate sufficient future taxable income.

Section 382 imposes limitations on the availability of a company' s net operating losses after a more than 50 percentage point ownership change occurs. The Section 382 limitation is based upon certain conclusions pertaining to the dates of ownership changes and the value of the Company on the dates of the ownership changes. As a result of a study, it was determined that ownership changes, as defined in Section 382, occurred in 2000 and 2002. The amount of the Company' s net operating losses incurred prior to each ownership change is limited based on the value of the Company on the respective dates of ownership change. As of the beginning of the year, it is estimated that the effect of Section 382 will generally limit the total cumulative amount of net operating loss available to offset future taxable income to approximately $1.3 billion, comprised of $0.6 billion of NOLs generated from operating losses which have been fully reflected in the Unaudited Consolidated Financial Statements and $0.7 billion of NOLs generated from equity-related transactions. At December 31, 2010, the Company had additional federal tax benefits of $87.8 million, generated since January 1, 2006, related to equity transactions that are not recorded in our deferred tax asset accounts. In accordance with accounting guidance, tax benefits related to equity transactions will be recognized as a credit to additional paid-in capital if and when they are realized by reducing the Company' s current income tax liability. Pursuant to Section 382, future ownership changes, if any, could further limit this amount.

The Company periodically evaluates the likelihood of the realization of deferred tax assets, and reduces the carrying amount of these deferred tax assets by a valuation allowance to the extent it believes a portion will not be realized. The Company considers many factors when assessing the likelihood of future realization of the deferred tax assets, including its recent cumulative earnings experience by taxing jurisdiction, expectations of future income, the carryforward periods available for tax reporting purposes, and other relevant factors. The deferred tax asset at September 30, 2011 and December 31, 2010 amounted to $169.7 million and $222.0 million, net of the valuation allowance recorded, respectively.

The Company has recorded a non-current deferred tax liability in the amount of $47.4 million and $56.4 million at September 30, 2011 and December 31, 2010, respectively, primarily related to the assignment of estimated fair value to certain purchased identifiable intangible assets associated with various international acquisitions.

As an international corporation providing hotel reservation services available around the world, the Company is subject to income taxes as well as non-income based taxes, in both the United States and various foreign jurisdictions. Significant judgment is required in determining the Company' s worldwide provision for income taxes and other tax liabilities. Although the Company believes that its tax estimates are reasonable, there is no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in the Company' s historical income tax provisions and accruals. To date, we have been audited in several taxing jurisdictions with no significant adjustments as a result. The Internal Revenue Service initiated an audit of our federal income tax returns in the third quarter of 2011.

NET INCOME PER SHARE

NET INCOME PER SHARE

NET INCOME PER SHARE

9 Months Ended
Sep. 30, 2011

4. NET INCOME PER SHARE

The Company computes basic net income per share by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share is based upon the weighted average number of common and common equivalent shares outstanding during the period.

Common equivalent shares related to stock options, restricted stock, restricted stock units, and performance share units are calculated using the treasury stock method. Performance share units are included in the weighted average common equivalent shares based on the number of shares that would be issued if the end of the reporting period were the end of the performance period and if the result would be dilutive.

The Company' s convertible debt issues have net share settlement features requiring the Company upon conversion to settle the principal amount of the debt for cash and the conversion premium for cash or shares of the Company' s common stock, at the Company' s option. The convertible notes are included in the calculation of diluted net income per share if their inclusion is dilutive under the treasury stock method.

A reconciliation of the weighted average number of shares outstanding used in calculating diluted earnings per share is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Weighted average number of basic common shares outstanding	49,779	48,570	49,607	47,565
Weighted average dilutive stock options, restricted stock, restricted stock units and performance share units	622	1,402	854	1,524
Assumed conversion of convertible debt	783	587	732	1,828
Weighted average number of diluted common and common equivalent shares outstanding	51,184	50,559	51,193	50,917
Anti-dilutive potential common shares	1,558	2,629	1,441	2,582

Anti-dilutive potential common shares for the three and nine months ended September 30, 2011 includes approximately 1.1 million shares and 1.2 million shares, respectively, which could be issued under the Company' s convertible debt if the Company experiences substantial increases in its common stock price. Under the treasury stock method, the convertible debt will generally have a dilutive impact on net income per share if the Company' s average stock price for the period exceeds the conversion price for the convertible debt.

The Company has Conversion Spread Hedges outstanding at September 30, 2011, which were designed to reduce potential dilution upon conversion of the Company' s 0.75% Convertible Senior Notes due 2013 (the "2013 Notes") at their stated maturity date (see Note 9). Since the beneficial impact of the Conversion Spread Hedges was anti-dilutive, it was excluded from the calculation of net income per share.

9 Months Ended
Sep. 30, 2011

14. COMMITMENTS AND CONTINGENCIES

Litigation Related to Hotel Occupancy and Other Taxes

The Company and certain third-party defendant online travel companies are currently involved in approximately fifty lawsuits, including certified and putative class actions, brought by or against states, cities and counties over issues involving the payment of hotel occupancy and other taxes (i.e., state and local sales tax) and the Company' s "merchant" hotel business. The Company' s subsidiaries Lowestfare.com LLC and Travelweb LLC are named in some but not all of these cases. Generally, each complaint alleges, among other things, that the defendants violated each jurisdiction' s respective hotel occupancy tax ordinance with respect to the charges and remittance of amounts to cover taxes under each law. Each complaint typically seeks compensatory damages, disgorgement, penalties available by law, attorneys' fees and other relief. The Company is also involved in one consumer lawsuit relating to, among other things, the payment of hotel occupancy taxes and service fees. In addition, approximately sixty municipalities or counties, and at least six states, have initiated audit proceedings (including proceedings initiated by more than forty municipalities in California), issued proposed tax assessments or started inquiries relating to the payment of hotel occupancy and other taxes (i.e., state and local sales tax). Additional state and local jurisdictions are likely to assert that the Company is subject to, among other things, hotel occupancy and other taxes (i.e., state and local sales tax) and could seek to collect such taxes, retroactively and/or prospectively.

With respect to the principal claims in these matters, the Company believes that the ordinances at issue do not apply to the service it provides, namely the facilitation of reservations, and, therefore, that it does not owe the taxes that are claimed to be owed. Rather, the Company believes that the ordinances at issue generally impose hotel occupancy and other taxes on entities that own, operate or control hotels (or similar businesses) or furnish or provide hotel rooms or similar accommodations. In addition, in many of these matters, municipalities have asserted claims for "conversion" − essentially, that the Company has collected a tax and wrongfully "pocketed" those tax dollars − a claim that the Company believes is without basis and has vigorously contested. The municipalities that are currently involved in litigation and other proceedings with the Company, and that may be involved in future proceedings, have asserted contrary positions and will likely continue to do so. From time to time, the Company has found it expedient to settle, and may in the future agree to settle, claims pending in these matters without conceding that the claims at issue are meritorious or that the claimed taxes are in fact due to be paid.

In connection with some of these tax audits and assessments, the Company may be required to pay any assessed taxes, which amounts may be substantial, prior to being allowed to contest the assessments and the applicability of the ordinances in judicial proceedings. This requirement is commonly referred to as "pay to play" or "pay first." For example, the City of San Francisco assessed the Company approximately $3.4 million (an amount that includes interest and penalties) relating to hotel occupancy taxes, which the Company paid in July 2009. Payment of these amounts, if any, is not an admission that the Company believes it is subject to such taxes and, even if such payments are made, the Company intends to continue to assert its position vigorously. The Company has successfully argued against a "pay first" requirement asserted in another California proceeding.

Litigation is subject to uncertainty and there could be adverse developments in these pending or future cases and proceedings. For example, in October 2009, a jury in a San Antonio class action found that the Company and the other online travel companies that are defendants in the lawsuit "control" hotels for purposes of the local hotel occupancy tax ordinances at issue and

are, therefore, subject to the requirements of those ordinances. On July 1, 2011, the court issued findings of fact and conclusions of law in connection with this case. In addition to ruling that hotel tax was due from defendants on the markup and service fee, the court held defendants liable for penalties and interest per the terms of each city' s applicable ordinance, but capped at fifteen percent (15%) of the total amount of unpaid taxes at the time of entry of judgment; ordinances without a penalty provision are assessed a fifteen percent (15%) penalty under the Texas Tax Code. The Company expects supplemental findings of fact and conclusions of law to be issued by the court, followed by a judgment. The Company intends to vigorously pursue an appeal of the judgment on legal and factual grounds.

An unfavorable outcome or settlement of pending litigation may encourage the commencement of additional litigation, audit proceedings or other regulatory inquiries. In addition, an unfavorable outcome or settlement of these actions or proceedings could result in substantial liabilities for past and/or future bookings, including, among other things, interest, penalties, punitive damages and/or attorney fees and costs. There have been, and will continue to be, substantial ongoing costs, which may include "pay first" payments, associated with defending the Company' s position in pending and any future cases or proceedings. An adverse outcome in one or more of these unresolved proceedings could have a material adverse effect on the Company' s business and results of operations and could be material to the Company' s earnings, financial position or cash flow in any given operating period.

To the extent that any tax authority succeeds in asserting that the Company has a tax collection responsibility, or the Company determines that it has such a responsibility, with respect to future transactions, the Company may collect any such additional tax obligation from its customers, which would have the effect of increasing the cost of hotel room reservations to its customers and, consequently, could make the Company' s hotel service less competitive (i.e., versus the websites of other online travel companies or hotel company websites) and reduce hotel reservation transactions; alternatively, the Company could choose to reduce the compensation for its services on "merchant" hotel transactions. Either step could have a material adverse effect on the Company' s business and results of operations.

In many of the judicial and other proceedings initiated to date, municipalities seek not only historical taxes that are claimed to be owed on the Company' s gross profit, but also, among other things, interest, penalties, punitive damages and/or attorney fees and costs. Therefore, any liability associated with hotel occupancy tax matters is not constrained to the Company' s liability for tax owed on its historical gross profit, but may also include, among other things, penalties, interest and attorneys' fees. To date, the majority of the taxing jurisdictions in which the Company facilitates hotel reservations have not asserted that taxes are due and payable on the Company' s U.S. "merchant" hotel business. With respect to municipalities that have not initiated proceedings to date, it is possible that they will do so in the future or that they will seek to amend their tax statutes and seek to collect taxes from the Company only on a prospective basis.

Reserve for Hotel Occupancy and Other Taxes

As a result of this litigation and other attempts by jurisdictions to levy similar taxes, the Company has established a reserve for the potential resolution of issues related to hotel occupancy and other taxes in the amount of approximately $31 million at September 30, 2011 compared to approximately $26 million at December 31, 2010 (which includes, among other things, amounts related to the litigation in San Antonio). The reserve is based on the Company' s reasonable estimate, and the ultimate resolution of these issues may be less or greater, potentially significantly, than the liabilities recorded.

Developments in and after the Quarter Ended September 30, 2011

In the quarter ending September 30, 2011, two new putative class actions were commenced. Town of Breckenridge, Colorado v. Colorado Travel Company, LLC et al., 2011CV420 (Summit County District Court) was filed on July 25, 2011. County of Nassau v.

Expedia, Inc. et al. (Supreme Court of the State of New York, County of Nassau) was filed on September 26, 2011. This case previously had been dismissed from federal court and was refiled as a state court action.

On October 25, 2011, in City of Houston v. Hotels.com, L.P. (Harris County, Texas District Court, filed on March 5, 2007) (Tex. App., appeal filed April 14, 2010), the Texas 14th Court of Appeals affirmed the lower court' s grant of summary judgment in favor of the defendants on all claims, holding that the statutes at issue in that case did not apply to defendants' hotel reservation facilitation services. Plaintiffs may seek review by the Texas Supreme Court.

Two cases were dismissed in their entirety during the quarter. In City of Santa Monica v. Expedia, Inc. et al., JCCP 4472 (Los Angeles Superior Court, filed June 25, 2010), the court granted the online travel companies' motion to dismiss all claims without leave to amend; judgment was entered on September 9, 2011 in favor of the defendants. Plaintiffs may seek an appeal. In Township of Lyndhurst, New Jersey v. priceline.com Inc., et al. (filed in the U.S. District Court for the District of New Jersey in June 2008) (U.S. Court of Appeals for the Third Circuit, appeal filed April 2009), the Third Circuit affirmed the District Court' s dismissal of the case. On August 24, 2011, the Third Circuit also denied the Township' s motion for rehearing. Finally, on July 29, 2011, in Hamilton County, Ohio, et al. v. Hotels.com, L.P., et al. (U.S. District Court for the Northern District of Ohio, filed in August 2010), the court granted in part and denied in part the defendants' motion to dismiss, dismissing plaintiff counties' breach of contract, declaratory judgment and violation of tax statutes claims. The plaintiffs' unjust enrichment, money had and received, conversion, constructive trust and damages claims remain pending.

The Company reached agreements in principle resolving claims in three cases: County of Genesee, Michigan, et al. v. Hotels.com L.P., et al. (Circuit Court for the County of Ingham, Michigan, filed in February 2009); City of Jacksonville v. Hotels.com, L.P., et al., 2006-CA-005393 (Circuit Court for Duval County, filed August 4, 2006), and Anne Gannon v. Hotels.com, L.P., 50 2009 CA 025919 (Circuit Court for Palm Beach County, filed July 30, 2009). The Company expects these cases to be dismissed pursuant to these agreements shortly. In addition, pursuant to an agreement reached in July, 2011, City of Myrtle Beach, South Carolina v. Hotels.com, L.P., et al. (Court of Common Pleas for Horry County, South Carolina, filed in February 2007) was dismissed with prejudice on September 8, 2011. Pursuant to an agreement reached in May, 2011, Town of Hilton Head Island, South Carolina v. Hotels.com, L.P., et al. (Court of Common Pleas for Beaufort County, South Carolina, filed in April 2010) was dismissed with prejudice on July 22, 2011.

In City of San Diego, California v. Hotels.com, L.P., et al., JCCP 4472 (Los Angeles Superior Court, filed February 9, 2006), on September 6, 2011, the court granted the online travel companies' petition to (i) vacate the hearing officer' s prior ruling that the online travel company defendants are liable for transient occupancy tax pursuant to San Diego' s ordinance, (ii) issue a new ruling that the online travel company defendants are not liable for such tax, and (iii) to set aside the City of San Diego' s assessments. With respect to its remaining claims, the City of San Diego has indicated it will stipulate to a consent judgment in favor of the online travel companies. The City has indicated it plans to appeal.

In City of San Antonio, Texas v. Hotels.com, L.P., et al. (U.S. District Court for the Western District of Texas; filed in May 2006), on October 18, 2011, plaintiffs filed a motion to amend the court' s findings of fact and conclusions of law on penalty calculations. The Company believes plaintiffs' motion is without merit and will vigorously oppose it.

In addition, on August 3, 2011, in County of Lawrence, Pennsylvania v. Hotels.com, L.P., et al. (Court of Common Pleas of Lawrence County, Pennsylvania, filed Nov. 2009) (Commonwealth Court of Pennsylvania, appeal filed in November 2010), the Court for the Commonwealth of Pennsylvania reversed the dismissal by the Court of Common Pleas of Lawrence of the County' s declaratory action, but affirmed the dismissal of the remaining

counts. In District of Columbia v. Expedia, Inc., et al. (Superior Court of the District of Columbia, filed in March 2011), on October 12, 2011, the court denied defendants' motion to dismiss the complaint seeking declaratory and monetary relief under the District of Columbia' s Sales Tax Statute which existed before and after an April 8, 2011 amendment. In The Village of Rosemont, Illinois v. priceline.com, Inc., et al. (U.S. District Court for the Northern District of Illinois, filed in July 2009), on October 14, 2011, the court granted plaintiff' s motion for summary judgment. The Court stated that it expects the parties to discuss final disposition of the case at its next scheduling conference.

In addition to these developments, a discussion of the remaining legal proceedings listed below can be found in the section titled "Legal Proceedings" of the Company' s Annual Report on Form 10-K for the year ended December 31, 2010. The Company intends to vigorously defend against the claims in all of the proceedings described below.

Statewide Class Actions and Putative Class Actions

Such actions include:

- City of Los Angeles, California v. Hotels.com, Inc., et al. (California Superior Court, Los Angeles County; filed in December 2004)
- City of Rome, Georgia, et al. v. Hotels.com, L.P., et al. (U.S. District Court for the Northern District of Georgia; filed in November 2005)
- City of San Antonio, Texas v. Hotels.com, L.P., et al. (U.S. District Court for the Western District of Texas; filed in May 2006)
- City of Jacksonville, Florida, et al. v. Hotels.com, L.P., et al. (Circuit Court, Fourth Judicial Circuit, Duval County, Florida; filed in July 2006)
- City of Gallup, New Mexico v. Hotels.com, L.P., et al. (U.S. District Court for the District of New Mexico; filed in July 2007)
- City of Goodlettsville, Tennessee, et al. v. priceline.com Incorporated, et al. (U.S. District Court for the Middle District of Tennessee; filed in June 2008)
- Pine Bluff Advertising and Promotion Commission, Jefferson County, Arkansas, et al. v. Hotels.com, LP, et al. (Circuit Court of Jefferson County, Arkansas; filed in September 2009)
- County of Lawrence, Pennsylvania v. Hotels.com, L.P., et al. (Court of Common Pleas of Lawrence County, Pennsylvania; filed Nov. 2009); (Commonwealth Court of Pennsylvania; appeal filed in November 2010)

Actions Filed on Behalf of Individual Cities, Counties and States

Such actions include:

- City of Findlay, Ohio v. Hotels.com, L.P., et al. (U.S. District Court for the Northern District of Ohio; filed in October 2005); and City of Columbus, Ohio, et al. v. Hotels.com, L.P., et al. (U.S. District Court for the Southern District of Ohio; filed in August 2006); (U.S. District Court for the Northern District of Ohio)
- City of Chicago, Illinois v. Hotels.com, L.P., et al. (Circuit Court of Cook County Illinois; filed in November 2005)
- City of San Diego, California v. Hotels.com L.P., et al. (California Superior Court, San Diego County; filed in September 2006) (Superior Court of California, Los Angeles County)
- City of Atlanta, Georgia v. Hotels.com L.P., et al. (Superior Court of Fulton County, Georgia; filed in March 2006); (Court of Appeals of the State of Georgia; appeal filed in January 2007); (Georgia Supreme Court; further appeal filed in December 2007)
- Wake County, North Carolina v. Hotels.com, LP, et al. (General Court of Justice, Superior Court Division, Wake County, North Carolina; filed in November 2006); Dare County, North Carolina v. Hotels.com, LP, et al.

(General Court of Justice, Superior Court Division, Dare County, North Carolina; filed in January 2007); Buncombe County, North Carolina v. Hotels.com, LP, et al. (General Court of Justice, Superior Court Division, Buncombe County, North Carolina; filed in February 2007); Mecklenburg County, North Carolina v. Hotels.com LP, et al. (General Court of Justice, Superior Court Division, Mecklenburg County, North Carolina; filed in January 2008)

- City of Branson, Missouri v. Hotels.com, LP., et al. (Circuit Court of Greene County, Missouri; filed in December 2006)
- City of Houston, Texas v. Hotels.com, LP., et al. (District Court of Harris County, Texas; filed in March 2007)
- City of Oakland, California v. Hotels.com, L.P., et al. (U.S. District Court for the Northern District of California; filed in June 2007); (U.S. Court of Appeals for the Ninth Circuit; appeal filed in December 2007)
- County of Genesee, Michigan, et al. v. Hotels.com L.P., et al. (Circuit Court for the County of Ingham, Michigan; filed in February 2009)
- City of Bowling Green, Kentucky v. Hotels.com L.P. et al. (Warren Cir. Ct., Kentucky, Div. 1; filed in March 2009); (Commonwealth of Kentucky Court of Appeals; appeal filed in April 2010)
- St. Louis County, Missouri v. Prestige Travel, Inc. et al. (Circuit Court of St. Louis County, Missouri; filed in July 2009)
- The Village of Rosemont, Illinois v. priceline.com, Inc., et al. (U.S. District Court for the Northern District of Illinois; filed in July 2009)
- Palm Beach County, Florida v. priceline.com, Inc., et al. (Circuit Court for Palm Beach County, Florida; filed in July 2009)
- Leon County, et al. v. Expedia, Inc., et al. (Second Judicial Circuit Court for Leon County, Florida; filed Nov. 2009); Leon County v. Expedia, Inc. et al. (Second Judicial Circuit Court for Leon County, Florida; filed in December 2009)
- City of Birmingham, Alabama, et al. v. Orbitz, Inc., et al. (Circuit Court of Jefferson County, Alabama; filed in December 2009)
- Baltimore County, Maryland v. priceline.com, Inc., et al. (U.S. District Court for the District of Maryland; filed in May 2010)
- Hamilton County, Ohio, et al. v. Hotels.com, L.P., et al. (U.S. District Court for the Northern District Of Ohio; filed in August 2010)
- State of Florida Attorney General v. Expedia, Inc., et al. (Circuit Court − Second Judicial Circuit, Leon County, Florida; filed in November 2010)
- Montana Department of Revenue v. priceline.com, Inc., et al. (First Judicial District Court of Lewis and Clark County, Montana; filed in November 2010)
- Montgomery County, Maryland v. Priceline.com, Inc., et al. (United States District Court for the District of Maryland; filed in December 2010)

The Company has also been informed by counsel to the plaintiffs in certain of the aforementioned actions that various, undisclosed municipalities or taxing jurisdictions may file additional cases against the Company, Lowestfare.com LLC and Travelweb LLC in the future.

Judicial Actions Relating to Assessments Issued by Individual Cities, Counties and States

After administrative remedies have been exhausted, the Company may seek judicial review of assessments issued by an individual city or county. Currently pending actions seeking such a review include:

- Priceline.com, Inc., et al. v. Broward County, Florida (Circuit Court − Second Judicial Circuit, Leon County, Florida; filed in January 2009)
- Priceline.com Inc., et al. v. City of Anaheim, California, et al. (Superior Court of California, County of Orange; filed in February 2009); (Superior Court of California, County of Los Angeles)

- Priceline.com, Inc. v. Indiana Department of State Revenue (Indiana Tax Court; filed in March 2009)
- Priceline.com, Inc., et al. v. City of San Francisco, California, et al. (Superior Court of California, County of San Francisco; filed in June 2009); (Superior Court of California, County of Los Angeles)
- Priceline.com, Inc. v. Miami-Dade County, Florida, et al. (Eleventh Judicial Circuit Court for Miami Dade, County, Florida; filed in December 2009)
- Priceline.com, Inc., et al. v. Osceola County, Florida, et al. (Circuit Court of the Second Judicial Circuit, in and For Leon County, Florida; filed in January 2011)
- In the Matter of the Tax Appeal of priceline.com Inc., In the Matter of the Tax Appeal of Lowestfare.com LLC and In the Matter of the Tax Appeal of Travelweb LLC (Tax Appeal Court of the State of Hawaii; filed in March 2011)

The Company intends to prosecute vigorously its claims in these actions.

Consumer Class Actions

- In Chiste, et al. v. priceline.com Inc., et al. (United States District Court for the Southern District of New York; filed in December 2008), the District Court granted the Company' s motion to dismiss all claims against it except the breach of fiduciary claim, which, the court ordered transferred to Illinois. On July 11, 2011, the case was transferred to the United States District Court for the Northern District of Illinois for resolution of the remaining claim, which was consolidated under Peluso v. Orbitz.com, et al., 11 Civ. 4407 on July 14, 2011. On July 13, 2011, plaintiffs filed notices of appeal in the Second Circuit Court of Appeals of the court' s orders in the Southern District of New York. On July 26, 2011, the *Peluso* court granted plaintiff' s motion to voluntarily dismiss the claim against the Company in the Northern District of Illinois. On August 5, 2011, the Company moved to dismiss the appeal in the Second Circuit Court of Appeals as improperly filed there.

The Company intends to defend vigorously against the claims in all of the on-going proceedings described above.

Administrative Proceedings and Other Possible Actions

At various times, the Company has also received inquiries or proposed tax assessments from municipalities and other taxing jurisdictions relating to the Company' s charges and remittance of amounts to cover state and local hotel occupancy and other related taxes. Among others, the City of Philadelphia, Pennsylvania; the City of Phoenix, Arizona (on behalf of itself and 12 other Arizona cities); the City of Paradise Valley, Arizona; and the City of Denver, Colorado; and state tax officials from Arkansas, Florida, Hawaii, Indiana, Louisiana, Maryland, New Mexico, Ohio, Pennsylvania, Texas, West Virginia, Wisconsin, and Wyoming have begun formal or informal administrative procedures or stated that they may assert claims against the Company relating to allegedly unpaid state or local hotel occupancy or related taxes. Since late 2008, the Company has received audit notices from more than forty cities in the state of California. The Company is engaged in audit proceedings in each of those cities. The Company has also been contacted for audit by five counties in the state of Utah and by the City of St. Louis, Missouri. In addition, the state of Maryland has notified the Company of its intention to issue a proposed tax assessment relating the Company' s charges and remittance of amounts to cover state sales taxes on rental car transactions.

Litigation Related to Securities Matters

On March 16, March 26, April 27, and June 5, 2001, respectively, four putative class action complaints were filed in the U.S. District Court for the Southern District of New York

naming priceline.com, Inc., Richard S. Braddock, Jay Walker, Paul Francis, Morgan Stanley Dean Witter & Co., Merrill Lynch, Pierce, Fenner & Smith, Inc., BancBoston Robertson Stephens, Inc. and Salomon Smith Barney, Inc. as defendants (01 Civ. 2261, 01 Civ. 2576, 01 Civ. 3590 and 01 Civ. 4956). Shives et al. v. Bank of America Securities LLC et al., 01 Civ. 4956, also names other defendants and states claims unrelated to the Company. The complaints allege, among other things, that the Company and the individual defendants violated the federal securities laws by issuing and selling priceline.com common stock in the Company' s March 1999 initial public offering without disclosing to investors that some of the underwriters in the offering, including the lead underwriters, had allegedly solicited and received excessive and undisclosed commissions from certain investors. After extensive negotiations, the parties reached a comprehensive settlement on or about March 30, 2009. On April 2, 2009, plaintiffs filed a Notice of Motion for Preliminary Approval of Settlement. On June 9, 2009, the court granted the motion and scheduled the hearing for final approval for September 10, 2009. The settlement, previously approved by a special committee of the Company' s Board of Directors, compromised the claims against the Company for approximately $0.3 million. The court issued an order granting final approval of the settlement on October 5, 2009. Notices of appeal of the court' s order have been filed with the Second Circuit. All but one of the appeals has been resolved. The remaining appeal is still pending.

The Company intends to defend vigorously against the claims in all of the proceedings described in this Note 14. The Company has accrued for certain legal contingencies where it is probable that a loss has been incurred and the amount can be reasonably estimated. Except as disclosed, such amounts accrued are not material to the Company' s consolidated balance sheets and provisions recorded have not been material to the Company' s consolidated results of operations or cash flows. The Company is unable to estimate the potential maximum range of loss.

From time to time, the Company has been, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of third party intellectual property rights. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources, divert management' s attention from the Company' s business objectives and could adversely affect the Company' s business, results of operations, financial condition and cash flows.

OFT Inquiry

In September 2010, the United Kingdom' s Office of Fair Trading (the "OFT"), the competition authority in the U.K., announced it was conducting a formal early stage investigation into suspected breaches of competition law in the hotel online booking sector and had written to a number of parties in the industry to request information. Specifically, the investigation focuses upon whether agreements and/or concerted practices between hotels and online travel companies relating to hotel room reservations breach UK competition law. In September 2010, Booking.com B.V. and priceline.com Incorporated, on behalf of Booking.com, received a Notice of Inquiry from the OFT; the Company and Booking.com are cooperating with the OFT' s investigation. The Company is unable at this time to predict the outcome of the OFT' s investigation and the impact, if any, on the Company' s business, financial condition and results of operations.

INTANGIBLE ASSETS AND GOODWILL (Details) (USD $)	3 Months Ended		9 Months Ended			9 Months Ended		9 Months Ended		9 Months Ended		9 Months Ended		9 Months Ended		9 Months Ended		9 Months Ended		9 Months Ended		1 Months Ended
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010	Dec. 31, 2010	Sep. 30, 2011 Supply and distribution agreements Years	Dec. 31, 2010 Supply and distribution agreements	Sep. 30, 2011 Technology Years	Dec. 31, 2010 Technology	Sep. 30, 2011 Patents Years	Dec. 31, 2010 Patents	Sep. 30, 2011 Customer lists Years	Dec. 31, 2010 Customer lists	Sep. 30, 2011 Internet domain names Years	Dec. 31, 2010 Internet domain names	Sep. 30, 2011 Trade names Years	Dec. 31, 2010 Trade names	Sep. 30, 2011 Other Years	Dec. 31, 2010 Other	May 31, 2010 TravelJigsaw Holdings Limited
Finite-lived intangible assets																					
Gross Carrying Amount	$ 368,182,000		$ 368,182,000		$ 365,312,000	$ 264,252,000	$ 264,491,000	$ 23,546,000	$ 23,549,000	$ 1,638,000	$ 1,638,000	$ 20,327,000	$ 20,338,000	$ 5,080,000	$ 1,853,000	$ 52,994,000	$ 53,099,000	$ 345,000	$ 344,000		
Accumulated Amortization	(157,489,000)		(157,489,000)		(133,282,000)	(93,239,000)	(76,823,000)	(23,222,000)	(22,119,000)	(1,387,000)	(1,352,000)	(19,040,000)	(17,512,000)	(465,000)	(126,000)	(19,816,000)	(15,064,000)	(320,000)	(286,000)		
Net Carrying Amount	210,693,000		210,693,000		232,030,000	171,013,000	187,668,000	324,000	1,430,000	251,000	286,000	1,287,000	2,826,000	4,615,000	1,727,000	33,178,000	38,035,000	25,000	58,000		
Amortization period - minimum (in years)						10								2		5		3			
Amortization period - maximum (in years)						13								20		20		10			
Amortization period (in years)								3		15		2									
Weighted Average Useful Life (in years)						12		3		15		2		10		11		4			
Amortization	8,400,000	10,600,000	25,286,000	24,193,000																	
Acquisition																					105,300,000
Annual estimated amortization expense for intangible assets																					
2011			7,826,000																		
2012			29,952,000																		
2013			28,680,000																		
2014			28,606,000																		
2015			25,900,000																		
2016			23,317,000																		
Thereafter			66,412,000																		
Amortization expense for intangible assets, total			210,693,000																		
Goodwill:																					
Balance, at the beginning of the period			510,894,000																		
Currency translation adjustments			(740,000)																		
Balance, at the end of the period	$ 510,154,000		$ 510,154,000																		

REDEEMABLE NONCONTROLLING INTERESTS (Tables)

REDEEMABLE NONCONTROLLING INTERESTS

Reconciliation of redeemable noncontrolling interests

9 Months Ended

Sep. 30, 2011

	2011
Balance, December 31, 2010	$ 45,751
Net income attributable to redeemable noncontrolling interests	2,520
Fair value adjustments(1)	41,327
Purchase of subsidiary shares at fair value(1)	(12,986)
Currency translation adjustments	3
Balance, September 30, 2011	$ 76,615

(1) The estimated fair value was based upon standard valuation techniques using discounted cash flow analysis and industry peer comparable analysis.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (USD $) In Thousands	Total	Common Stock	Treasury Stock	Additional Paid-in Capital	Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income
Balance at Dec. 31, 2010	$ 1,813,336	$ 438	$ (640,415)	$ 2,417,092	$ 69,110	$ (32,889)	
Balance (in shares) at Dec. 31, 2010		56,567	(7,421)				
Increase (Decrease) in Stockholders' Equity							
Net income applicable to common stockholders	830,655				830,655		830,655
Unrealized gain on marketable securities, net of tax of $112	180					180	180
Currency translation adjustments, net of tax of $4,598	(27,126)					(27,126)	(27,126)
Comprehensive income	803,709						803,709
Redeemable noncontrolling interests fair value adjustments	(41,327)				(41,327)		
Reclassification adjustment for convertible debt in mezzanine	(82,793)			(82,793)			
Conversion of debt (in shares)		5					
Exercise of stock options and vesting of restricted stock units and/or performance share units	3,991	8		3,983			
Exercise of stock options and vesting of restricted stock units and/or performance share units (in shares)		990					
Repurchase of common stock	(162,369)		(162,369)				
Repurchase of common stock (in shares)			(357)				
Stock-based compensation and other stock-based payments	40,756			40,756			
Excess tax benefit on stock-based compensation	14,996			14,996			
Balance at Sep. 30, 2011	$ 2,390,299	$ 446	$ (802,784)	$ 2,394,034	$ 858,438	$ (59,835)	
Balance (in shares) at Sep. 30, 2011		57,562	(7,778)				

STOCK-BASED EMPLOYEE COMPENSATION (Tables)

STOCK-BASED EMPLOYEE COMPENSATION

Activity of unvested restricted stock, restricted stock units and performance share units

	9 Months Ended Sep. 30, 2011	
Share-Based Awards	**Shares**	**Weighted Average Grant Date Fair Value**
Unvested at December 31, 2010	**1,530,647**	**$ 130.93**
Granted	117,790	$ 465.07
Vested	(853,480)	$ 113.36
Performance Share Units Adjustment	(13,411)	$ 125.56
Forfeited	(70,179)	$ 176.95
Unvested at September 30, 2011	**711,367**	**$ 202.90**

DEBT (Details 3) (USD $)	3 Months Ended	9 Months Ended			3 Months Ended		9 Months Ended		1 Months Ended			3 Months Ended	12 Months Ended		
	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010	Dec. 31, 2010	Sep. 30, 2011 Convertible Notes	Sep. 30, 2010 Convertible Notes	Sep. 30, 2011 Convertible Notes	Sep. 30, 2010 Convertible Notes	Mar. 31, 2010 Minimum 1.25% Convertible Senior Notes due March 2015	Mar. 31, 2010 Maximum 1.25% Convertible Senior Notes due March 2015	Mar. 31, 2010 1.25% Convertible Senior Notes due March 2015 Days	Mar. 31, 2010 1.25% Convertible Senior Notes due March 2015	Dec. 31, 2006 0.75% Convertible Senior Notes due September 2013	Sep. 30, 2011 0.75% Convertible Senior Notes due September 2013	Sep. 30, 2006 0.75% Convertible Senior Notes due September 2013
DEBT															
Estimated market value of outstanding senior notes		$ 900,000,000		$ 900,000,000											
Debt Instrument Conversion Terms															
Reclassification adjustment for convertible debt in mezzanine		82,800,000													
Cash repayment of principal amount of convertible debt		200,000	195,600,000												
Shares issued in satisfaction of the conversion value in excess of the principle amount for convertible debt (in shares)		4,869	3,457,785												
Cash payment in satisfaction of conversion value in excess of principal amount			99,800,000												
Aggregate principal amount											575,000,000	575,000,000	172,500,000		172,500,000
Interest rate on Convertible Senior Notes (as a percent)											1.25%	1.25%	0.75%	0.75%	
Debt financing costs paid												12,900,000			
Conversion price (in dollars per share)											$ 303.06	$ 303.06	$ 40.38		
Minimum consecutive days the closing sales price of common stock must exceed a specified percentage of conversion price to trigger conversion feature of note (in days)											20				
Maximum consecutive days the closing sales price of common stock must exceed a specified percentage of conversion price to trigger conversion feature of note (in days)											30				
Ratio of closing share price to conversion price as a condition for conversion of convertible 2015 Senior Notes, minimum (as a percent)											150.00%				
Additional payments in the form of additional shares of common stock to the holders of the 2015 Notes									0	132,700,000					
Effective interest rate at debt origination or modification (as a percent)											5.89%	5.89%	8.00%		
Interest expense related to convertible notes					7,700,000	7,700,000	22,800,000	20,200,000							
Contractual coupon interest related to convertible notes included in interest expense					1,800,000	1,700,000	5,400,000	4,000,000							
Amortization of debt discount included in interest expense		15,944,000	14,948,000		5,400,000	5,500,000	15,900,000	15,000,000							
Amortization of debt issuance costs included in interest expense					500,000	500,000	1,500,000	1,200,000							
Unamortized debt issuance costs written off to interest expense related to early conversion of convertible debt	300,000		1,300,000			300,000		1,300,000							
Effective interest rate during the period (as a percent)					6.30%	6.50%	6.30%	6.90%							
Variable rate used to estimate the fair value of debt at conversion date							LIBOR								
Gain (loss) on extinguishment of debt, pretax		(32,000)	(11,334,000)			(3,200,000)		(11,300,000)							
Gain (loss) on extinguishment of debt, net of tax						$ (1,900,000)		$ (6,800,000)							
Convertible Debt - Conversion Spread Hedges															
Number of shares the Company is entitled to purchase from Goldman Sachs and Merrill Lynch under hedge agreement (in shares)													4,300,000		

Number of shares Goldman Sachs and Merrill Lynch are entitled to purchase from the Company under the hedge agreement (in shares)	4,300,000
Strike price of shares purchasable by counterparties under hedge agreement (in dollars per share)	$ 50.47

INVESTMENTS (Tables)

INVESTMENTS

Short-term investments

9 Months Ended
Sep. 30, 2011

The following table summarizes, by major security type, the Company' s short-term investments as of September 30, 2011 (in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale securities				
Foreign government securities	$ 1,142,648	$ 817	$ (386)	$ 1,143,079
U.S. government securities	757,002	357	(55)	757,304
U.S. agency securities	52,538	9	(2)	52,545
U.S. corporate notes	30,365	174	–	30,539
Total	$ 1,982,553	$ 1,357	$ (443)	$ 1,983,467

The following table summarizes, by major security type, the Company' s short-term investments as of December 31, 2010 (in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale securities				
Foreign government securities	$ 682,841	$ 558	$ (81)	$ 683,318
U.S. government securities	469,116	158	(66)	469,208
U.S. agency securities	109,920	15	(30)	109,905
U.S. corporate notes	40,845	–	(25)	40,820
Total	$ 1,302,722	$ 731	$ (202)	$ 1,303,251

CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $) In Thousands	9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010
OPERATING ACTIVITIES:		
Net income	$ 833,175	$ 393,031
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	14,801	12,068
Amortization	25,286	24,193
Provision for uncollectible accounts, net	7,641	5,737
Deferred income taxes	34,170	33,650
Stock-based compensation expense and other stock-based payments	40,756	48,628
Amortization of debt issuance costs	1,676	2,785
Amortization of debt discount	15,944	14,948
Loss on early extinguishment of debt	32	11,334
Changes in assets and liabilities:		
Accounts receivable	(202,087)	(112,755)
Prepaid expenses and other current assets	5,981	(8,034)
Accounts payable, accrued expenses and other current liabilities	292,160	169,898
Other	(9,564)	1,897
Net cash provided by operating activities	1,059,971	597,380
INVESTING ACTIVITIES:		
Purchase of investments	(2,230,661)	(1,030,011)
Proceeds from sale of investments	1,529,998	665,925
Additions to property and equipment	(29,770)	(14,471)
Acquisitions and other equity investments, net of cash acquired	(67,973)	(110,972)
Proceeds from settlement of foreign currency contracts	5,205	44,564
Payments on foreign currency contracts	(42,032)	(4,283)
Change in restricted cash	(2,920)	156
Net cash used in investing activities	(838,153)	(449,092)
FINANCING ACTIVITIES:		
Proceeds from the issuance of convertible debt		575,000
Payment of debt issuance costs		(13,334)
Payments related to conversion of convertible debt	(213)	(295,398)
Repurchase of common stock	(162,369)	(125,653)
Payments to purchase subsidiary shares from noncontrolling interests	(12,986)	
Proceeds from the sale of subsidiary shares to noncontrolling interests		4,311
Proceeds from exercise of stock options	3,991	24,623
Excess tax benefit on stock-based compensation	14,996	4,975
Net cash (used in) provided by financing activities	(156,581)	174,524
Effect of exchange rate changes on cash and cash equivalents	(3,038)	8,168
Net increase in cash and cash equivalents	62,199	330,980
Cash and cash equivalents, beginning of period	358,967	202,141

Cash and cash equivalents, end of period	421,166	533,121
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period for income taxes	99,376	61,568
Cash paid during the period for interest	7,443	4,639
Non-cash fair value increase for redeemable noncontrolling interests	$ 41,327	$ 4,118

9. DEBT

Revolving Credit Facility

In September 2007, the Company entered into a $175.0 million five-year committed revolving credit facility with a group of lenders, which is secured, subject to certain exceptions, by a first-priority security interest on substantially all of the Company' s assets and related intangible assets located in the United States. In addition, the Company' s obligations under the revolving credit facility are guaranteed by substantially all of the assets and related intangible assets of the Company' s material direct and indirect domestic and foreign subsidiaries. Borrowings under the revolving credit facility will bear interest, at the Company' s option, at a rate per annum equal to the greater of (a) JPMorgan Chase Bank, National Association' s prime lending rate and (b) the federal funds rate plus ½ of 1%, plus an applicable margin ranging from 0.25% to 0.75%; or at an adjusted LIBOR for the interest period in effect for such borrowing plus an applicable margin ranging from 1.25% to 1.75%. Undrawn balances available under the revolving credit facility are subject to commitment fees at the applicable rate ranging from 0.25% to 0.375%.

The revolving credit facility provides for the issuance of up to $50.0 million of letters of credit as well as borrowings on same-day notice, referred to as swingline loans, which are available in U.S. Dollars, Euros, Pound Sterling and any other foreign currency agreed to by the lenders. The proceeds of loans made under the facility will be used for working capital and general corporate purposes. At both September 30, 2011 and December 31, 2010, there were no borrowings outstanding under the facility, and approximately $1.8 million and $1.6 million, respectively, of letters of credit were issued under the revolving credit facility.

In October 2011, the Company entered into a $1 billion five-year unsecured revolving credit facility with a group of lenders. Upon entering into this new revolving credit facility, the Company terminated its $175.0 million revolving credit facility (see Note 2).

Convertible Debt

Convertible debt as of September 30, 2011 consists of the following (in thousands):

September 30, 2011	Outstanding Principal Amount	Unamortized Debt Discount	Carrying Value
1.25% Convertible Senior Notes due March 2015	$ 575,000	$ (82,831)	$ 492,169

Convertible debt as of December 31, 2010 consisted of the following (in thousands):

December 31, 2010	Outstanding Principal Amount	Unamortized Debt Discount	Carrying Value
1.25% Convertible Senior Notes dues March 2015	$ 575,000	$ (98,770)	$ 476,230
0.75% Convertible Senior Notes due September 2013	213	(38)	175
Outstanding convertible debt	$ 575,213	$ (98,808)	$ 476,405

Based upon the closing price of the Company' s common stock for the prescribed measurement period during the three months ended December 31, 2010, the contingent conversion thresholds on the 2013 Notes were exceeded. As a result, the 2013 Notes were convertible at the option of the holders as of December 31, 2010, and accordingly were classified

as a current liability as of that date. The remaining outstanding principal amount of the 2013 Notes was converted during the three months ended June 30, 2011.

The contingent conversion threshold for the prescribed measurement period during the three months ended September 30, 2011 was exceeded for the 2015 Notes. Therefore, the 2015 Notes are convertible at the option of the holders. Accordingly, the Company reported the carrying value of the 2015 Notes as a current liability as of September 30, 2011. Since these notes are convertible at the option of the holders and the principal amount is required to be paid in cash, the difference between the principal amount and carrying value is reflected as convertible debt in the mezzanine section on the Company' s Unaudited Consolidated Balance Sheet. Therefore, with respect to the 2015 Notes, the Company reclassified $82.8 million from additional paid-in-capital to convertible debt in the mezzanine section on the Company' s Unaudited Consolidated Balance Sheet as of September 30, 2011. The determination of whether or not the 2015 Notes are convertible must continue to be performed on a quarterly basis. Consequently, the 2015 Notes may not be convertible in future quarters, and therefore may again be classified as long-term debt, if the contingent conversion threshold is not met in such quarters.

In the nine months ended September 30, 2011, the Company delivered cash of $0.2 million to repay the principal amount and issued 4,869 shares of its common stock in satisfaction of the conversion value in excess of the principal amount for convertible debt that was converted prior to maturity. In the nine months ended September 30, 2010, the Company delivered cash of $195.6 million to repay the principal amount and issued 3,457,785 shares of its common stock and delivered cash of $99.8 million in satisfaction of the conversion value in excess of the principal amount for convertible debt that was converted prior to maturity.

As of September 30, 2011 and December 31, 2010, the estimated market value of the outstanding convertible debt was approximately $0.9 billion for both periods. Fair value was estimated based upon actual trades at the end of the reporting period or the most recent trade available as well as the Company' s stock price at the end of the reporting period. A substantial portion of the market value of the Company' s debt in excess of the outstanding principal amount relates to the conversion premium on the bonds.

Description of Senior Notes

In March 2010, the Company issued in a private placement $575.0 million aggregate principal amount of Convertible Senior Notes due March 15, 2015, with an interest rate of 1.25% (the "2015 Notes"). The Company paid $12.9 million in debt issuance costs during the three months ended March 31, 2010, related to this offering. The 2015 Notes are convertible, subject to certain conditions, into the Company' s common stock at a conversion price of approximately $303.06 per share. The 2015 Notes are convertible, at the option of the holder, prior to March 15, 2015 upon the occurrence of specified events, including, but not limited to a change in control, or if the closing sales price of the Company' s common stock for at least 20 consecutive trading days in the period of the 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is more than 150% of the applicable conversion price in effect for the notes on the last trading day of the immediately preceding quarter. In the event that all or substantially all of the Company' s common stock is acquired on or prior to the maturity of the 2015 Notes in a transaction in which the consideration paid to holders of the Company' s common stock consists of all or substantially all cash, the Company would be required to make additional payments in the form of additional shares of common stock to the holders of the 2015 Notes in aggregate value ranging from $0 to approximately $132.7 million depending upon the date of the transaction and the then current stock price of the Company. As of December 15, 2014, holders will have the right to convert all or any portion of the 2015 Notes. The 2015 Notes may not be redeemed by the Company prior to maturity. The holders may require the Company to repurchase the 2015 Notes for cash in certain circumstances. Interest on the 2015 Notes is payable on March 15 and September 15 of each year.

In 2006, the Company issued in a private placement $172.5 million aggregate principal amount of Convertible Senior Notes due September 30, 2013, with an interest rate of 0.75% (the "2013 Notes"). The 2013 Notes were convertible, subject to certain conditions, into the Company' s common stock at a conversion price of approximately $40.38 per share. The 2013 Notes were not redeemable by the Company prior to maturity.

In 2006, the Company entered into hedge transactions relating to the potential dilution of the Company' s common stock upon conversion of the 2013 Notes (the "Conversion Spread Hedges"). Under the Conversion Spread Hedges, the Company is entitled to purchase from Goldman Sachs and Merrill Lynch approximately 4.3 million shares of the Company' s common stock (the number of shares underlying the 2013 Notes) at a strike price of $40.38 per share (subject to adjustment in certain circumstances) in 2013, and the counterparties are entitled to purchase from the Company approximately 4.3 million shares of the Company' s common stock at a strike price of $50.47 per share (subject to adjustment in certain circumstances) in 2013. The Conversion Spread Hedges are separate transactions entered into by the Company with the counterparties and are not part of the terms of the 2013 Notes. The Conversion Spread Hedges did not immediately hedge against the associated dilution from early conversions of the 2013 Notes prior to their stated maturities. Therefore, upon early conversion of the 2013 Notes, the Company has delivered any related conversion premium in shares of stock or a combination of cash and shares. However, the hedging counterparties were not obligated to deliver the Company shares or cash that would offset the dilution associated with the early conversion activity. Because of this timing difference, the number of shares, if any, that the Company receives from its Conversion Spread Hedges can differ materially from the number of shares that it was required to deliver to the holders of the 2013 Notes upon their early conversion. The actual number of shares to be received will depend upon the Company' s stock price on the date the Conversion Spread Hedges are exercisable, which coincides with the scheduled maturity of the 2013 Notes.

Accounting guidance requires that cash-settled convertible debt, such as the Company' s convertible senior notes, be separated into debt and equity components at issuance and a value to be assigned to each. The value assigned to the debt component is the estimated fair value, as of the issuance date, of a similar bond without the conversion feature. The difference between the bond cash proceeds and this estimated fair value, representing the value assigned to the equity component, is recorded as a debt discount. Debt discount is amortized using the effective interest method over the period from origination date through the stated maturity date. The Company estimated the straight debt borrowing rates at debt origination to be 5.89% for the 2015 Notes and 8.0% for the 2013 Notes. The yield to maturity was estimated at an at-market coupon priced at par.

For the three months ended September 30, 2011 and 2010, the Company recognized interest expense of $7.7 million for both periods related to convertible notes. Interest expense was comprised of $1.8 million and $1.7 million, respectively, for the contractual coupon interest, $5.4 million and $5.5 million, respectively, related to the amortization of debt discount and $0.5 million for both periods related to the amortization of debt issuance costs. In addition, unamortized debt issuance costs written off to interest expense related to debt converted prior to maturity in 2010 amounted to approximately $0.3 million. There were no debt conversions for the three months ended September 30, 2011. The effective interest rate for the three months ended September 30, 2011 and 2010 was 6.3% and 6.5%, respectively.

For the nine months ended September 30, 2011 and 2010, the Company recognized interest expense of $22.8 million and $20.2 million, respectively, related to convertible notes. Interest expense was comprised of $5.4 million and $4.0 million, respectively, for the contractual coupon interest, $15.9 million and $15.0 million, respectively, related to the amortization of debt discount and $1.5 million and $1.2 million, respectively, related to the amortization of debt issuance costs. In addition, unamortized debt issuance costs written off to interest expense related to debt converted prior to maturity in 2010 amounted to approximately $1.3 million, while costs associated with 2011 debt conversions were insignificant. The effective interest rate for the nine months ended September 30, 2011 and 2010 was 6.3% and 6.9%, respectively.

In addition, if the Company' s convertible debt is redeemed or converted prior to maturity, a gain or loss on extinguishment will be recognized. The gain or loss is the difference between the fair value of the debt component immediately prior to extinguishment and its carrying value. To estimate the fair value at each conversion date, the Company used an applicable LIBOR rate plus an applicable credit default spread based upon the Company' s credit rating at the respective conversion dates. In the three and nine months ended September 30, 2010, the Company recognized losses of $3.2 million ($1.9 million after tax) and $11.3 million ($6.8 million after tax), respectively, in "Foreign currency transactions and other" in the Unaudited Consolidated Statement of Operations. The losses recognized for the nine months ended September 30, 2011 for debt conversions were insignificant.

NET INCOME PER SHARE (Details) In Thousands	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
NET INCOME PER SHARE				
Weighted average number of basic common shares outstanding (in shares)	49,779	48,570	49,607	47,565
Weighted average dilutive stock options, restricted stock, restricted stock units and performance share units (in shares)	622	1,402	854	1,524
Assumed conversion of convertible debt (in shares)	783	587	732	1,828
Weighted average number of diluted common and common equivalent shares outstanding (in shares)	51,184	50,559	51,193	50,917
Outstanding Stock Awards				
Anti-dilutive Securities Excluded from Computation of Earnings Per Share				
Anti-dilutive potential common shares (in shares)	1,558	2,629	1,441	2,582
Convertible Debt.				
Anti-dilutive Securities Excluded from Computation of Earnings Per Share				
Anti-dilutive potential common shares (in shares)	1,100		1,200	

COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE LOSS

9 Months Ended

Sep. 30, 2011

13. COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE LOSS

The table below provides the detail of comprehensive income for the three and nine months ended September 30, 2011 and 2010 (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Net income applicable to common stockholders	$ 469,499	$ 222,980	$ 830,655	$ 391,812
Net unrealized gain (loss) on investment securities	665	(163)	180	87
Currency translation gain (loss)	(79,978)	75,788	(27,126)	(16,135)
Comprehensive income	$ 390,186	$ 298,605	$ 803,709	$ 375,764

The table below provides the balances for each classification of accumulated other comprehensive loss as of September 30, 2011 and December 31, 2010 (in thousands):

	September 30, 2011	December 31, 2010
Foreign currency translation adjustments (1)	$ (60,533)	$ (33,407)
Net unrealized gain on investment securities (2)	698	518
Accumulated other comprehensive loss	$ (59,835)	$ (32,889)

(1) Includes net gains from fair value adjustments at September 30, 2011 of $22,722 after tax ($38,631 before tax) and net gains from fair value adjustments at December 31, 2010 of $15,827 after tax ($27,138 before tax) associated with net investment hedges (see Note 6). The remaining balance in currency translation adjustments excludes income taxes due to the Company' s practice and intention to reinvest the earnings of its foreign subsidiaries in those operations.

(2) The unrealized gain before tax at September 30, 2011 and December 31, 2010 was $985 and $714, respectively.

CONSOLIDATED BALANCE SHEETS (Parenthetical) (USD $) In Thousands, except Share data	Sep. 30, 2011	Dec. 31, 2010
CONSOLIDATED BALANCE SHEETS		
Accounts receivable, allowance for doubtful accounts (in dollars)	$ 6,833	$ 6,353
Common stock, par value (in dollars per share)	$ 0.008	$ 0.008
Common stock, authorized shares	1,000,000,000	1,000,000,000
Common stock, shares issued	57,561,537	56,567,236
Treasury stock, shares	7,778,107	7,421,128

INVESTMENTS (Details) (USD $) In Thousands	Sep. 30, 2011	Dec. 31, 2010
Investments, Current		
Cost	$ 1,982,553	$ 1,302,722
Gross Unrealized Gains	1,357	731
Gross Unrealized Losses	(443)	(202)
Fair Value	1,983,467	1,303,251
Foreign government securities		
Investments, Current		
Cost	1,142,648	682,841
Gross Unrealized Gains	817	558
Gross Unrealized Losses	(386)	(81)
Fair Value	1,143,079	683,318
U.S. government securities		
Investments, Current		
Cost	757,002	469,116
Gross Unrealized Gains	357	158
Gross Unrealized Losses	(55)	(66)
Fair Value	757,304	469,208
U.S. agency securities		
Investments, Current		
Cost	52,538	109,920
Gross Unrealized Gains	9	15
Gross Unrealized Losses	(2)	(30)
Fair Value	52,545	109,905
U.S. Corporate Notes		
Investments, Current		
Cost	30,365	40,845
Gross Unrealized Gains	174	
Gross Unrealized Losses		(25)
Fair Value	$ 30,539	$ 40,820

COMMITMENTS AND CONTINGENCIES (Details) (USD $) In Millions, unless otherwise specified	3 Months Ended Sep. 30, 2011 Cases	Dec. 31, 2010	Sep. 30, 2011 Minimum State of California Cases	1 Months Ended Jul. 31, 2009 City of San Francisco	Jul. 01, 2011 Maximum City of San Antonio, Texas	Jul. 01, 2011 City of San Antonio, Texas	Sep. 30, 2011 Cities other than Phoenix in Arizona GovernmentalUnit	Sep. 30, 2011 State of Utah GovernmentalUnit	1 Months Ended Oct. 31, 2009 Litigation Related to Securities Matters	12 Months Ended Dec. 31, 2001 Litigation Related to Securities Matters Cases	Sep. 30, 2011 Litigation Related to Securities Matters Cases	Sep. 30, 2011 Minimum GovernmentalUnit
Hotel Occupancy and Other Taxes												
Approximate number of lawsuits brought by or against states, cities and counties over issues involving the payment of hotel occupancy and other taxes	50											
Number of consumer class actions	1											
Number of municipalities and counties which have initiated audit proceedings			40									60
Number of states which have initiated audit proceedings												6
Assessed taxes including interest and penalties (in dollars)				$ 3.4								
Penalties and interest payable, percentage cap of unpaid taxes (as a percent)					15.00%							
Percentage of penalties assessed under ordinances without penalty provision under Texas Tax Code (as a percent)						15.00%						
Number of new cases in the period	2											
Number of cases dismissed during the period	2											
Number of cases in which the Company has reached settlement agreement	3											
Audit notices and administrative procedures, number of cities							12	5				
Reserve for the potential resolution of issues related to hotel occupancy and other taxes (in dollars)	31	26										
Litigation												
Number of putative class action complaints filed										4		
Claims against the Company compromised by the settlement (in dollars)									$ 0.3			
Number of appeals remaining unresolved											1	

TREASURY STOCK (Details) (USD $) In Millions, except Share data	3 Months Ended			9 Months Ended		
	Sep. 30, 2011	Jun. 30, 2010	Mar. 31, 2010	Sep. 30, 2011	Sep. 30, 2010	Dec. 31, 2010
TREASURY STOCK.						
Remaining amount from all authorization to repurchase common stock	$ 459.2					
Repurchase of common shares to satisfy employee withholding tax obligations related to stock-based compensation (in shares)				356,979	84,002	
Repurchase of common shares to satisfy employee withholding tax obligations related to stock-based compensation				162.4	19.6	
Treasury stock, shares	7,778,107			7,778,107		7,421,128
Additional authorization to repurchase common stock			500			
Authorization to repurchase common stock from issuance of 2015 Notes			100			
Repurchase of common stock, excluding repurchase of common shares to satisfy employee withholding tax obligations related to stock-based compensation (in shares)		32,487	400,000			
Repurchase of common stock, excluding repurchase of common shares to satisfy employee withholding tax obligations related to stock-based compensation		$ 6.1	$ 100.0			

INCOME TAXES (Details) (USD $)	3 Months Ended Jun. 30, 2011	9 Months Ended Sep. 30, 2011 Years Months Cases	Dec. 31, 2010	9 Months Ended Sep. 30, 2011 U.S. Federal Income Tax	Dec. 31, 2010 U.S. Federal Income Tax	Dec. 31, 2010 U.S. Federal Income Tax Operating Losses	Dec. 31, 2010 U.S. Federal Income Tax Equity-Related Transactions	12 Months Ended Dec. 31, 2010 U.S. Federal Income Tax Subject To Statutory Limitation
INCOME TAXES								
U.S. statutory rate (as a percent)		35.00%						
Reversal of reserve for unrecognized tax benefits attributable to tax positions taken in 2010	$ 12,500,000							
Effective income tax rate on qualifying innovative activities at Innovation Box Tax rate (as a percent)		5.00%						
Dutch statutory rate (as a percent)		25.00%						
Period of time, eligibility for Innovation Box Tax (in months)		6						
Reduction in consolidated income tax rate		two to four percentage						
Operating Loss and Other Tax Carryforwards								
Net operating loss carryforwards					2,700,000,000	600,000,000	2,100,000,000	
Net operating loss carryforwards - expiration dates								December 31, 2019 to December 31, 2021
Maximum change in ownership percentage allowed before statutory limitations imposed on the availability of net operating losses (as a percent)				50.00%				
Estimated aggregate limitation of cumulative net operating losses available net of limit imposed by IRC Section 382					1,300,000,000	600,000,000	700,000,000	
Federal tax deductions related to equity transactions not included in deferred tax assets			87,800,000					
Deferred Tax Assets (Liabilities), Net Classification								

Deferred tax asset, net of valuation allowance recorded	169,700,000	222,000,000
Non-current deferred tax liability	$ 47,448,000	$ 56,440,000

FAIR VALUE MEASUREMENTS (Details) (USD $) In Thousands	Sep. 30, 2011	Dec. 31, 2010
ASSETS:		
Short-term investments	$ 1,983,467	$ 1,303,251
LIABILITIES:		
Redeemable noncontrolling interests	76,615	45,751
Foreign government securities | Recurring Basis | Level 2		
ASSETS:		
Short-term investments	1,143,079	683,318
Foreign government securities | Recurring Basis | Total		
ASSETS:		
Short-term investments	1,143,079	683,318
U.S. government securities | Recurring Basis | Level 2		
ASSETS:		
Short-term investments	757,304	469,208
U.S. government securities | Recurring Basis | Total		
ASSETS:		
Short-term investments	757,304	469,208
U.S. agency securities | Recurring Basis | Level 2		
ASSETS:		
Short-term investments	52,545	109,905
U.S. agency securities | Recurring Basis | Total		
ASSETS:		
Short-term investments	52,545	109,905
U.S. Corporate Notes | Recurring Basis | Level 2		
ASSETS:		
Short-term investments	30,539	40,820
U.S. Corporate Notes | Recurring Basis | Total		
ASSETS:		
Short-term investments	30,539	40,820
Recurring Basis | Level 2		
ASSETS:		
Long-term investments		394
Foreign exchange derivative	45,849	4,970
Total assets at fair value	2,029,316	1,308,615
LIABILITIES:		
Foreign exchange derivatives	1,669	6,995
Total liabilities at fair value	1,669	6,995
Recurring Basis | Level 3		
LIABILITIES:		
Redeemable noncontrolling interests	76,615	45,751
Total liabilities at fair value	76,615	45,751

Recurring Basis | Total		
ASSETS:		
Long-term investments		394
Foreign exchange derivative	45,849	4,970
Total assets at fair value	2,029,316	1,308,615
LIABILITIES:		
Foreign exchange derivatives	1,669	6,995
Redeemable noncontrolling interests	76,615	45,751
Total liabilities at fair value	78,284	52,746
Foreign government securities		
ASSETS:		
Short-term investments	1,143,079	683,318
U.S. government securities		
ASSETS:		
Short-term investments	757,304	469,208
U.S. agency securities		
ASSETS:		
Short-term investments	52,545	109,905
U.S. Corporate Notes		
ASSETS:		
Short-term investments	$ 30,539	$ 40,820