The Priceline Group Reports Financial Results for 4th Quarter and Full-Year 2014

NORWALK, Conn., February 19, 2015. . . The Priceline Group Inc. (NASDAQ: PCLN) today reported its 4th quarter and full-year 2014 financial results. Fourth quarter gross travel bookings for The Priceline Group Inc. (the “Group”), which refers to the total dollar value, generally inclusive of all taxes and fees, of all travel services purchased by its customers, were $10.7 billion, an increase of 17% over a year ago (approximately 23% on a local currency basis).

The Group's gross profit for the 4th quarter was $1.7 billion, a 26% increase from the prior year. International operations contributed gross profit in the 4th quarter of $1.43 billion, a 24% increase versus a year ago (approximately 32% on a local currency basis). The Group had GAAP net income applicable to common shareholders for the 4th quarter of $452 million, or $8.56 per diluted share, which compares to $378 million or $7.14 per diluted share, in the same period a year ago.

Non-GAAP net income in the 4th quarter was $577 million, a 22% increase versus the prior year. Non-GAAP net income was $10.85 per diluted share, compared to $8.85 per diluted share a year ago. FactSet consensus for the 4th quarter 2014 was $10.10 per diluted share. Adjusted EBITDA for the 4th quarter 2014 was $712 million, an increase of 23% over a year ago. The section below entitled "Non-GAAP Financial Measures" provides definitions and information about the use of non-GAAP financial measures in this press release, and the attached financial and statistical supplement reconciles non-GAAP financial information with the Group's financial results under GAAP.

For the full-year 2014, the Group had gross travel bookings of $50.3 billion, a 28% increase compared to 2013 (approximately 30% on a local currency basis). Gross profit for the Group in 2014 was $7.6 billion, a 33% increase from the prior year. International operations contributed full-year gross profit of $6.64 billion, a 32% increase versus the prior year (approximately 34% on a local currency basis). The Group had GAAP net income for full-year 2014 of $2.4 billion, or $45.67 per diluted share, which compares to $1.9 billion or $36.11 per diluted share in 2013.

Non-GAAP net income for 2014 was $2.8 billion, a 29% increase versus the prior year. Non-GAAP net income was $53.31 per diluted share, compared to $41.72 per diluted share a year ago. Adjusted EBITDA for 2014 was $3.5 billion, an increase of 29% over a year ago.

“The Priceline Group finished 2014 with a strong 4th quarter, reporting solid hotel and rental car unit growth,” said Darren Huston, President and CEO of The Priceline Group. “International gross bookings growth of 27% on a local currency basis in the 4th quarter demonstrates the resilience of the business, despite an environment of economic uncertainty and foreign exchange volatility. The Group’s full year room night reservations of 346 million grew by 28%, leading to gross bookings for the Group of just over $50 billion.”

Looking forward, Mr. Huston said, “The Group’s brands are starting 2015 with strong momentum. We are investing in our brands to organically grow our core business for the long-term. We also continue to invest in OpenTable and our BookingSuite branded hotel marketing services. These investments have a more pronounced impact on profitability in our seasonally low first quarter, but are the right investments to plant seeds for future growth. Today we are also announcing that the Priceline Board has given us an additional authorization to repurchase up to $3 billion of our common stock. We believe that buying our stock is a wise investment of our capital and demonstrates our confidence in the long-term outlook for our business.”
The Priceline Group said it was targeting the following for 1st quarter 2015:

- Year-over-year increase in total gross travel bookings of approximately 2% - 9% (an increase of approximately 14% - 21% on a local currency basis).
- Year-over-year increase in international gross travel bookings of approximately 3% - 10% (an increase of approximately 17% - 24% on a local currency basis).
- Year-over-year increase in domestic gross travel bookings of approximately 0% - 5%.
- Year-over-year increase in revenue of approximately 4% - 11%.
- Year-over-year increase in gross profit of approximately 9% - 16% (an increase of approximately 21% - 28% on a local currency basis).
- Adjusted EBITDA of approximately $475 million to $510 million.
- Non-GAAP net income per diluted share between $7.20 and $7.75.

Non-GAAP guidance for the 1st quarter 2015:

- excludes non-cash amortization expense of intangibles,
- excludes non-cash stock-based employee compensation expense,
- excludes non-cash interest expense related to the amortization of debt discount and gains or losses on early debt extinguishment, if any, related to cash settled convertible debt,
- excludes the impact, if any, of significant charges or benefits associated with judgments, rulings and/or settlements related to travel transaction tax (e.g., hotel occupancy taxes, excise taxes, sales taxes, etc.) proceedings,
- excludes non-cash income tax expense and reflects the impact on income taxes of certain of the non-GAAP adjustments, and
- includes the dilutive impact of unvested restricted stock units and performance share units because non-GAAP net income has been adjusted to exclude stock-based employee compensation.

In addition to the adjustments above, adjusted EBITDA excludes depreciation and amortization expense, interest income, interest expense and income taxes and includes the impact of foreign currency transactions and other expenses.

When aggregated, the non-GAAP adjustments are expected to increase adjusted EBITDA over GAAP net income by approximately $207 million in the 1st quarter 2015. In addition, the non-GAAP adjustments are expected to increase non-GAAP net income over GAAP net income by approximately $105 million in the 1st quarter 2015. The Group estimates GAAP net income per diluted share between $5.25 and $5.80 for the 1st quarter 2015.

Information About Forward-Looking Statements

This press release contains forward-looking statements. These forward-looking statements reflect the views of the Group's 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 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 similar expressions including, "may," "will," "should," "could," "expects," "plans," "anticipates," "intends," "believes," "estimates," "predicts," "potential," "targets," or "continue," reflecting something other than historical fact are intended to identify forward-looking statements.

The following factors, among others, could cause the Group's actual results to differ materially from those described in the forward-looking statements:

- adverse changes in general market conditions for leisure and other travel services;
- the effects of increased competition;
- fluctuations in foreign exchange rates and other risks associated with doing business in multiple currencies;
- our ability to expand successfully in international markets;
- our online advertising efficiency;
- a change by a major search engine in how it presents travel search results or conducts its auction for search placement in a manner that is competitively disadvantageous to us;
-- adverse changes in the Group's relationships with travel service providers;
-- systems-related failures and/or security breaches;
-- the ability to attract and retain qualified personnel; and
-- tax, legal and regulatory risks.

For a detailed discussion of these and other factors that could cause the Group's actual results to differ materially from those described in the forward-looking statements, please refer to the Group's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission and any subsequently filed Quarterly Reports on Form 10-Q. Unless required by law, the Group undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

**Non-GAAP Financial Measures**

Adjusted EBITDA represents GAAP net income excluding depreciation and amortization expense, interest income, interest expense, net income (loss) attributable to noncontrolling interests and income taxes and is adjusted to exclude stock-based employee compensation expense, gains and losses on early debt extinguishment, significant charges or benefits associated with judgments, rulings and/or settlements related to travel transaction tax (e.g., hotel occupancy taxes, excise taxes, sales taxes, etc.) proceedings and significant acquisition costs.

Non-GAAP gross profit, adjusted EBITDA, non-GAAP operating income, non-GAAP net income and non-GAAP net income per share are "non-GAAP financial measures," as such term is defined by the Securities and Exchange Commission, and may differ from non-GAAP financial measures used by other companies. The Group believes that non-GAAP gross profit, adjusted EBITDA, non-GAAP operating income, non-GAAP net income and non-GAAP net income per share that exclude certain non-cash or non-recurring income or expense items are useful for analysts and investors to evaluate the Group's on-going performance because they provide a useful comparison of the Group's projected cash earnings and performance with its historical results from prior periods and to those of its competitors (though competitors may calculate similar non-GAAP financial measures differently than those calculated by the Group). These non-GAAP metrics, in particular adjusted EBITDA, non-GAAP operating income, and non-GAAP net income are not intended to represent funds available for the Group's discretionary use and are not intended to represent or to be used as a substitute for operating income, net income or cash flows from operations data as measured under GAAP. The items excluded from these non-GAAP metrics, but included in the calculation of their closest GAAP equivalent, are significant components of consolidated statements of income and must be considered in performing a comprehensive assessment of overall financial performance.

Non-GAAP financial information for the three and twelve months ended December 31, 2014 and 2013 are adjusted for the following items:

- Amortization expense of intangibles is excluded because it does not impact cash earnings.
- Stock-based employee compensation expense is excluded because it does not impact cash earnings and is reflected in earnings per share through increased share count.
- Interest expense related to the amortization of debt discount and gains or losses on early debt extinguishment related to convertible debt are excluded because they are non-cash in nature.
- Significant charges or credits associated with judgments, rulings and/or settlements related to travel transaction tax (e.g., hotel occupancy taxes, excise taxes, sales taxes, etc.) proceedings, including the $6.3 million credit recorded in the 4th quarter 2013 related to a favorable ruling and settlement in the District of Columbia and the $20.5 million charge (including estimated interest and penalties) recorded in the 1st quarter 2013, principally related to unfavorable rulings in the State of Hawaii and the District of Columbia, are excluded because the amount and timing of these items are unpredictable, are not driven by core operating results and renders comparisons with prior periods less meaningful.
- Significant costs related to acquisitions, such as the $6.4 million of acquisition costs recorded in the 2nd quarter of 2013 related to the purchase of KAYAK, are excluded because the expense is not driven by core operating results and renders comparisons with prior periods less meaningful. No such costs were excluded in the twelve months ended December 31, 2014.
- Income tax expense is adjusted for the tax impact of certain of the non-GAAP adjustments described above and to exclude tax expense recorded where no actual tax payments are owed because of available net operating loss carryforwards.
• Net income (loss) attributable to noncontrolling interests is adjusted for the impact of certain of the non-GAAP adjustments described above for the twelve months ended December 31, 2013.
• For calculating non-GAAP net income per share:
  ◦ net income is adjusted for the impact of the non-GAAP adjustments described above; and
  ◦ additional unvested restricted stock units and performance share units are included in the calculation of non-GAAP net income per share because non-GAAP net income has been adjusted to exclude stock-based employee compensation expense.

The presentation of this financial information should not be considered in isolation or as a substitute for the financial information prepared and presented in accordance with generally accepted accounting principles in the United States. The attached financial and statistical supplement reconciles non-GAAP financial information with the Group's financial results under GAAP.

About The Priceline Group
The Priceline Group Inc. (NASDAQ: PCLN) is a leading provider of online travel and travel related reservation and search services, provided to consumers and local partners in over 200 countries through six primary brands: Booking.com, priceline.com, KAYAK, agoda.com, rentalcars.com and OpenTable.

For more information, visit pricelinegroup.com.

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The Priceline Group Inc.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,148,651</td>
<td>$1,289,994</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>843</td>
<td>10,476</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>1,142,182</td>
<td>5,462,720</td>
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<tr>
<td>Accounts receivable, net of allowance for doubtful accounts of $14,212 and $14,116, respectively</td>
<td>643,894</td>
<td>535,962</td>
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<tr>
<td>Prepaid expenses and other current assets</td>
<td>178,050</td>
<td>107,102</td>
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<tr>
<td>Deferred income taxes</td>
<td>153,754</td>
<td>74,687</td>
</tr>
<tr>
<td>Total current assets</td>
<td>5,267,374</td>
<td>7,480,941</td>
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<tr>
<td>Property and equipment, net</td>
<td>198,953</td>
<td>135,053</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>2,334,761</td>
<td>1,019,985</td>
</tr>
<tr>
<td>Goodwill</td>
<td>3,326,474</td>
<td>1,767,912</td>
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<tr>
<td>Long-term investments</td>
<td>3,755,653</td>
<td>—</td>
</tr>
<tr>
<td>Other assets</td>
<td>57,348</td>
<td>40,569</td>
</tr>
<tr>
<td>Total assets</td>
<td>$14,940,563</td>
<td>$10,444,460</td>
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<tr>
<td><strong>LIABILITIES AND STOCKHOLDERS' EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Accounts payable</td>
<td>$281,480</td>
<td>$247,345</td>
</tr>
<tr>
<td>Accrued expenses and other current liabilities</td>
<td>600,758</td>
<td>545,342</td>
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<tr>
<td>Deferred merchant bookings</td>
<td>460,558</td>
<td>437,127</td>
</tr>
<tr>
<td>Convertible debt</td>
<td>37,195</td>
<td>151,931</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>1,379,991</td>
<td>1,381,745</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>1,040,260</td>
<td>326,425</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>103,533</td>
<td>75,981</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>3,849,756</td>
<td>1,742,047</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>6,373,540</td>
<td>3,526,198</td>
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<tr>
<td>Convertible debt</td>
<td>329</td>
<td>8,533</td>
</tr>
<tr>
<td><strong>Stockholders' equity:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, $0.008 par value, authorized 1,000,000,000 shares, 61,821,097 and 61,265,160 shares issued, respectively</td>
<td>480</td>
<td>476</td>
</tr>
<tr>
<td>Treasury stock, 9,888,024 and 9,256,721, respectively</td>
<td>(2,737,585)</td>
<td>(1,987,207)</td>
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<tr>
<td>Additional paid-in capital</td>
<td>4,923,196</td>
<td>4,592,979</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>6,640,505</td>
<td>4,218,752</td>
</tr>
<tr>
<td>Accumulated other comprehensive income (loss)</td>
<td>(259,902)</td>
<td>84,729</td>
</tr>
<tr>
<td>Total stockholders' equity</td>
<td>8,566,694</td>
<td>6,909,729</td>
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<tr>
<td>Total liabilities and stockholders' equity</td>
<td>$14,940,563</td>
<td>$10,444,460</td>
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<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Agency revenues</td>
<td>$1,230,633</td>
<td>$999,687</td>
<td>$5,845,802</td>
<td>$4,410,689</td>
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<tr>
<td>Merchant revenues</td>
<td>478,268</td>
<td>481,782</td>
<td>2,186,054</td>
<td>2,211,474</td>
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<tr>
<td>Advertising and other revenues</td>
<td>131,196</td>
<td>59,684</td>
<td>410,115</td>
<td>171,143</td>
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<tr>
<td>Total revenues</td>
<td>1,840,097</td>
<td>1,541,153</td>
<td>8,441,971</td>
<td>6,793,306</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>165,412</td>
<td>207,852</td>
<td>857,841</td>
<td>1,077,420</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,674,685</td>
<td>1,333,301</td>
<td>7,584,130</td>
<td>5,715,886</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising — Online</td>
<td>499,904</td>
<td>399,193</td>
<td>2,360,221</td>
<td>1,798,211</td>
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<tr>
<td>Advertising — Offline</td>
<td>48,216</td>
<td>27,709</td>
<td>231,309</td>
<td>127,459</td>
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<tr>
<td>Sales and marketing</td>
<td>85,454</td>
<td>58,425</td>
<td>310,910</td>
<td>235,817</td>
</tr>
<tr>
<td>Personnel, including stock-based compensation of $66,318, $49,530, $186,425 and $140,526, respectively</td>
<td>274,337</td>
<td>212,034</td>
<td>950,191</td>
<td>698,692</td>
</tr>
<tr>
<td>General and administrative</td>
<td>90,919</td>
<td>74,799</td>
<td>352,869</td>
<td>252,994</td>
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<tr>
<td>Information technology</td>
<td>25,430</td>
<td>23,173</td>
<td>97,498</td>
<td>71,890</td>
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<tr>
<td>Depreciation and amortization</td>
<td>71,558</td>
<td>37,121</td>
<td>207,820</td>
<td>117,975</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>1,095,818</td>
<td>832,454</td>
<td>4,510,818</td>
<td>3,303,472</td>
</tr>
<tr>
<td>Operating income</td>
<td>578,867</td>
<td>500,847</td>
<td>3,073,312</td>
<td>2,412,414</td>
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<tr>
<td>Other income (expense):</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Interest income</td>
<td>8,768</td>
<td>1,285</td>
<td>13,933</td>
<td>4,167</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(30,549)</td>
<td>(22,192)</td>
<td>(88,353)</td>
<td>(83,289)</td>
</tr>
<tr>
<td>Foreign currency transactions and other</td>
<td>(5,045)</td>
<td>(29,753)</td>
<td>(9,444)</td>
<td>(36,755)</td>
</tr>
<tr>
<td>Total other income (expense)</td>
<td>(26,826)</td>
<td>(50,660)</td>
<td>(83,864)</td>
<td>(115,877)</td>
</tr>
<tr>
<td>Earnings before income taxes</td>
<td>552,041</td>
<td>450,187</td>
<td>2,989,448</td>
<td>2,296,537</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>100,210</td>
<td>72,110</td>
<td>567,695</td>
<td>403,739</td>
</tr>
<tr>
<td>Net income</td>
<td>451,831</td>
<td>378,077</td>
<td>2,421,753</td>
<td>1,892,798</td>
</tr>
<tr>
<td>Less: net income attributable to noncontrolling interests</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>135</td>
</tr>
<tr>
<td>Net income applicable to common stockholders</td>
<td>$451,831</td>
<td>$378,077</td>
<td>$2,421,753</td>
<td>$1,892,663</td>
</tr>
<tr>
<td>Net income applicable to common stockholders per basic common share</td>
<td>$8.65</td>
<td>$7.32</td>
<td>$46.30</td>
<td>$37.17</td>
</tr>
<tr>
<td>Weighted average number of basic common shares outstanding</td>
<td>52,245</td>
<td>51,632</td>
<td>52,301</td>
<td>50,924</td>
</tr>
<tr>
<td>Net income applicable to common stockholders per diluted common share</td>
<td>$8.56</td>
<td>$7.14</td>
<td>$45.67</td>
<td>$36.11</td>
</tr>
<tr>
<td>Weighted average number of diluted common shares outstanding</td>
<td>52,777</td>
<td>52,938</td>
<td>53,023</td>
<td>52,413</td>
</tr>
</tbody>
</table>
The Priceline Group Inc.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands)

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$ 2,421,753</td>
<td>$ 1,892,798</td>
<td>$ 1,424,037</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>78,241</td>
<td>48,365</td>
<td>32,818</td>
</tr>
<tr>
<td>Amortization</td>
<td>129,579</td>
<td>69,610</td>
<td>32,323</td>
</tr>
<tr>
<td>Provision for uncollectible accounts, net</td>
<td>22,990</td>
<td>16,451</td>
<td>16,094</td>
</tr>
<tr>
<td>Deferred income tax expense (benefit)</td>
<td>31,707</td>
<td>(11,104)</td>
<td>19,596</td>
</tr>
<tr>
<td>Stock-based compensation expense and other stock based payments</td>
<td>189,292</td>
<td>142,098</td>
<td>72,035</td>
</tr>
<tr>
<td>Amortization of debt issuance costs</td>
<td>5,229</td>
<td>10,741</td>
<td>33,864</td>
</tr>
<tr>
<td>Amortization of debt discount</td>
<td>54,731</td>
<td>55,718</td>
<td>39,820</td>
</tr>
<tr>
<td>Loss on early extinguishment of debt</td>
<td>6,270</td>
<td>26,661</td>
<td>—</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(182,209)</td>
<td>(111,572)</td>
<td>(105,277)</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>(48,932)</td>
<td>(6,909)</td>
<td>(40,793)</td>
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<tr>
<td>Accounts payable, accrued expenses and other current liabilities</td>
<td>203,870</td>
<td>182,163</td>
<td>256,021</td>
</tr>
<tr>
<td>Other</td>
<td>1,876</td>
<td>(10,741)</td>
<td>33,864</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>2,914,397</td>
<td>2,301,436</td>
<td>1,785,750</td>
</tr>
</tbody>
</table>

| **INVESTING ACTIVITIES:** |      |      |      |
| Purchase of investments  | (10,552,214) | (9,955,800) | (6,352,495) |
| Proceeds from sale of investments | 10,902,500 | 8,291,283 | 4,799,412 |
| Additions to property and equipment | (131,504) | (84,445) | (55,158) |
| Acquisitions and other equity investments, net of cash acquired | (2,496,366) | (331,918) | (33,861) |
| Proceeds from foreign currency contracts | 14,354 | 81,870 | 4,014 |
| Payments on foreign currency contracts | (94,661) | (8,170) | (4,014) |
| Change in restricted cash | 9,347 | (2,783) | (2,756) |
| **Net cash used in investing activities** | (2,348,544) | (2,162,267) | (1,562,713) |

| **FINANCING ACTIVITIES:** |      |      |      |
| Proceeds from revolving credit facility | 995,000 | — | — |
| Payments related to revolving credit facility | (995,000) | — | — |
| Proceeds from the issuance of long-term debt | 2,282,217 | 980,000 | 1,000,000 |
| Payment of debt issuance costs | (17,464) | (1,018) | (20,916) |
| Payments related to conversion of senior notes | (125,136) | (414,569) | (1) |
| Repurchase of common stock | (750,378) | (883,515) | (257,021) |
| Payments to purchase subsidiary shares from noncontrolling interests | — | (192,530) | (61,079) |
| Proceeds from exercise of stock options | 16,389 | 91,607 | 2,683 |
| Proceeds from the termination of conversion spread hedges | — | 19 | — |
| Payments of stock issuance costs | — | (1,191) | — |
| Excess tax benefit from stock-based compensation | 23,366 | 17,686 | 5,189 |
| **Net cash provided by (used in) financing activities** | 1,428,994 | (403,511) | 668,855 |
| Effect of exchange rate changes on cash and cash equivalents | (136,190) | 17,987 | 11,621 |
| **Net increase (decrease) in cash and cash equivalents** | 1,858,657 | (246,355) | 903,513 |
| Cash and cash equivalents, beginning of period | 1,289,994 | 1,536,349 | 632,836 |
| **Cash and cash equivalents, end of period** | $3,148,651 | $1,289,994 | $1,536,349 |

| **SUPPLEMENTAL CASH FLOW INFORMATION:** |      |      |      |
| Cash paid during the period for income taxes | $491,530 | $391,169 | $300,539 |
| Cash paid during the period for interest | $16,950 | $20,954 | $13,933 |
| Non-cash fair value increase for redeemable noncontrolling interests | — | $42,522 | $84,693 |
| Non-cash investing activity for contingent consideration | $10,700 | — | — |
| Non-cash financing activity for acquisitions | $13,751 | $1,546,748 | — |
The Priceline Group Inc.
UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION
(In thousands, except per share data)

RECONCILIATION OF GAAP GROSS PROFIT TO NON-GAAP GROSS PROFIT

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31,</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>GAAP Gross profit</td>
<td>$1,674,685</td>
<td>$1,333,301</td>
</tr>
<tr>
<td>(a) Adjustments for (credits) charges related to travel transaction tax judgments, rulings and settlements</td>
<td>—</td>
<td>(6,311)</td>
</tr>
<tr>
<td>Non-GAAP Gross profit</td>
<td>$1,674,685</td>
<td>$1,326,990</td>
</tr>
</tbody>
</table>

RECONCILIATION OF GAAP OPERATING INCOME TO NON-GAAP OPERATING INCOME

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31,</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>GAAP Operating income</td>
<td>$578,867</td>
<td>$500,847</td>
</tr>
<tr>
<td>(a) Adjustments for (credits) charges related to travel transaction tax judgments, rulings and settlements</td>
<td>—</td>
<td>(6,311)</td>
</tr>
<tr>
<td>(b) Stock-based employee compensation</td>
<td>66,318</td>
<td>49,530</td>
</tr>
<tr>
<td>(c) Stock-based employee compensation</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>(d) Amortization of intangible assets</td>
<td>48,021</td>
<td>22,722</td>
</tr>
<tr>
<td>Non-GAAP Operating income</td>
<td>$693,206</td>
<td>$566,788</td>
</tr>
<tr>
<td>Non-GAAP Operating income as a % of Non-GAAP Gross profit</td>
<td>41.4%</td>
<td>42.7%</td>
</tr>
</tbody>
</table>

RECONCILIATION OF GAAP OTHER INCOME (EXPENSE) TO NON-GAAP OTHER EXPENSE RECORDED BELOW OPERATING INCOME

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31,</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>GAAP Other income (expense)</td>
<td>$ (26,826)</td>
<td>$ (50,660)</td>
</tr>
<tr>
<td>(g) Debt discount amortization related to convertible debt</td>
<td>14,724</td>
<td>13,844</td>
</tr>
<tr>
<td>(g) Loss on early extinguishment of debt</td>
<td>16</td>
<td>26,661</td>
</tr>
<tr>
<td>(f) Net income attributable to noncontrolling interests</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>(k) Impact on noncontrolling interests of certain other Non-GAAP adjustments</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Non-GAAP Other expense recorded below Operating income</td>
<td>$ (12,086)</td>
<td>$ (10,155)</td>
</tr>
</tbody>
</table>
## RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31</th>
<th>Year Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td><strong>GAAP Net income applicable to common stockholders</strong></td>
<td>$451,831</td>
<td>$378,077</td>
</tr>
<tr>
<td><strong>(a)</strong> Adjustments for (credits) charges related to travel transaction tax judgments, rulings and settlements</td>
<td>—</td>
<td>(6,311)</td>
</tr>
<tr>
<td><strong>(b)</strong> Stock-based employee compensation</td>
<td>66,318</td>
<td>49,530</td>
</tr>
<tr>
<td><strong>(c)</strong> Acquisition costs</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>(e)</strong> Depreciation and amortization</td>
<td>71,558</td>
<td>37,121</td>
</tr>
<tr>
<td><strong>(f)</strong> Interest income</td>
<td>(8,768)</td>
<td>(1,285)</td>
</tr>
<tr>
<td><strong>(f)</strong> Interest expense</td>
<td>30,549</td>
<td>22,192</td>
</tr>
<tr>
<td><strong>(g)</strong> Loss on early extinguishment of debt</td>
<td>16</td>
<td>26,661</td>
</tr>
<tr>
<td><strong>(h)</strong> Income tax expense</td>
<td>100,210</td>
<td>72,110</td>
</tr>
<tr>
<td><strong>(i)</strong> Net income attributable to noncontrolling interests</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$711,714</td>
<td>$578,095</td>
</tr>
</tbody>
</table>

## RECONCILIATION OF GAAP NET INCOME TO NON-GAAP NET INCOME

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31</th>
<th>Year Ended December 31</th>
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<tbody>
<tr>
<td></td>
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<td>$378,077</td>
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<tr>
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<td>—</td>
<td>—</td>
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<tr>
<td><strong>(d)</strong> Amortization of intangible assets</td>
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<td><strong>(g)</strong> Debt discount amortization related to convertible debt</td>
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</tr>
<tr>
<td><strong>(g)</strong> Loss on early extinguishment of debt</td>
<td>16</td>
<td>26,661</td>
</tr>
<tr>
<td><strong>(j)</strong> Adjustments for the tax impact of certain of the Non-GAAP adjustments and to exclude non-cash income taxes</td>
<td>(4,233)</td>
<td>(13,406)</td>
</tr>
<tr>
<td><strong>(k)</strong> Impact on noncontrolling interests of certain other Non-GAAP adjustments</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Non-GAAP Net income applicable to common stockholders</strong></td>
<td>$576,677</td>
<td>$471,117</td>
</tr>
</tbody>
</table>
The Priceline Group Inc.

UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION
(In thousands, except per share data)

| RECONCILIATION OF GAAP TO NON-GAAP NET INCOME PER DILUTED COMMON SHARE | Three Months Ended December 31 | Year Ended December 31 |
|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| GAAP weighted average number of diluted common shares outstanding | 52,777 | 52,938 | 53,023 | 52,413 |
| (l) Adjustment for unvested restricted stock units and performance units | 380 | 272 | 300 | 245 |
| Non-GAAP weighted average number of diluted common shares outstanding | 53,157 | 53,210 | 53,323 | 52,658 |
| Net income applicable to common stockholders per diluted common share | | | | |
| GAAP | $8.56 | $7.14 | $45.67 | $36.11 |
| Non-GAAP | $10.85 | $8.85 | $53.31 | $41.72 |

(a) Adjustments for charges and credits associated with judgments, rulings and settlements for travel transaction tax proceedings (including estimated interest and penalties), principally in the State of Hawaii and the District of Columbia.

(b) Stock-based employee compensation is recorded in Personnel expense.

(c) Adjustment for KAYAK acquisition costs is recorded in General and administrative expense.

(d) Amortization of intangible assets is recorded in Depreciation and amortization.

(e) Depreciation and amortization are excluded from Net income to calculate Adjusted EBITDA.

(f) Interest income and Interest expense are excluded from Net income to calculate Adjusted EBITDA.

(g) Non-cash interest expense related to the amortization of debt discount and loss on early debt extinguishment are recorded in Interest expense and Foreign currency transactions and other, respectively.

(h) Income tax expense is excluded from Net income to calculate Adjusted EBITDA.

(i) Net income attributable to noncontrolling interests is excluded from Net income to calculate Adjusted EBITDA.

(j) Adjustments for the tax impact of certain of the non-GAAP adjustments and to exclude non-cash income taxes.

(k) Impact of other non-GAAP adjustments on Net income attributable to noncontrolling interests.

(l) Additional shares of restricted stock units and performance share units are included in the calculation of non-GAAP net income per share because non-GAAP net income has been adjusted to exclude stock-based compensation expense.

*For a more detailed discussion of the adjustments described above, please see the section in our press release entitled "Non-GAAP Financial Measures" which provides a definition and information about the use of non-GAAP financial measures.*
The Priceline Group Inc.

Statistical Data

In millions

(Unaudited)

<table>
<thead>
<tr>
<th>Gross Bookings</th>
<th>4Q12</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
<th>1Q14</th>
<th>2Q14</th>
<th>3Q14</th>
<th>4Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>International</td>
<td>5,494</td>
<td>7,783</td>
<td>8,579</td>
<td>9,179</td>
<td>7,758</td>
<td>10,643</td>
<td>11,682</td>
<td>13,538</td>
<td>13,823</td>
</tr>
<tr>
<td>Domestic</td>
<td>1,090</td>
<td>1,370</td>
<td>1,538</td>
<td>1,586</td>
<td>1,379</td>
<td>1,637</td>
<td>1,856</td>
<td>1,743</td>
<td>1,426</td>
</tr>
<tr>
<td>Total</td>
<td>6,584</td>
<td>9,153</td>
<td>10,118</td>
<td>10,765</td>
<td>9,138</td>
<td>12,280</td>
<td>13,538</td>
<td>13,823</td>
<td>10,659</td>
</tr>
</tbody>
</table>

| Agency               | 5,302  | 7,648  | 8,425  | 9,023  | 7,576  | 10,516 | 11,581 | 11,821 | 8,974  |
| Merchant             | 1,282  | 1,505  | 1,692  | 1,742  | 1,562  | 1,764  | 1,957  | 2,002  | 1,685  |
| Total                | 6,584  | 9,153  | 10,118 | 10,765 | 9,138  | 12,280 | 13,538 | 13,823 | 10,659 |

<table>
<thead>
<tr>
<th>Gross Bookings Year/Year Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>International excluding F/X impact</td>
</tr>
<tr>
<td>Domestic</td>
</tr>
<tr>
<td>Agency</td>
</tr>
<tr>
<td>Merchant</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>excluding F/X impact</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Units Sold</th>
<th>4Q12</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
<th>1Q14</th>
<th>2Q14</th>
<th>3Q14</th>
<th>4Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Room-Nights and Accommodations</td>
<td>46.2</td>
<td>63.2</td>
<td>69.4</td>
<td>74.8</td>
<td>63.1</td>
<td>83.4</td>
<td>89.6</td>
<td>94.8</td>
<td>78.2</td>
</tr>
<tr>
<td>Year/Year Growth</td>
<td>37.6%</td>
<td>37.7%</td>
<td>38.2%</td>
<td>35.6%</td>
<td>36.5%</td>
<td>32.0%</td>
<td>29.2%</td>
<td>26.7%</td>
<td>24.0%</td>
</tr>
<tr>
<td>Rental Car Days</td>
<td>7.2</td>
<td>9.9</td>
<td>12.5</td>
<td>12.0</td>
<td>9.5</td>
<td>12.3</td>
<td>14.3</td>
<td>14.2</td>
<td>11.0</td>
</tr>
<tr>
<td>Year/Year Growth</td>
<td>36.5%</td>
<td>43.3%</td>
<td>46.3%</td>
<td>27.5%</td>
<td>32.3%</td>
<td>24.6%</td>
<td>14.4%</td>
<td>18.1%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Airline Tickets</td>
<td>1.4</td>
<td>1.7</td>
<td>1.7</td>
<td>1.8</td>
<td>1.8</td>
<td>2.0</td>
<td>2.1</td>
<td>2.0</td>
<td>1.7</td>
</tr>
<tr>
<td>Year/Year Growth</td>
<td>1.7%</td>
<td>1.4%</td>
<td>1.8%</td>
<td>8.6%</td>
<td>28.1%</td>
<td>22.6%</td>
<td>22.3%</td>
<td>8.0%</td>
<td>(4.0)%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue</th>
<th>4Q12</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
<th>1Q14</th>
<th>2Q14</th>
<th>3Q14</th>
<th>4Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,190.6</td>
<td>$1,302.0</td>
<td>$1,680.2</td>
<td>$2,269.9</td>
<td>$1,541.2</td>
<td>$1,641.8</td>
<td>$2,123.6</td>
<td>$2,836.5</td>
<td>$1,840.1</td>
</tr>
<tr>
<td>Year/Year Growth</td>
<td>20.2%</td>
<td>25.5%</td>
<td>26.6%</td>
<td>33.0%</td>
<td>29.4%</td>
<td>26.1%</td>
<td>26.4%</td>
<td>25.0%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$939.8</td>
<td>$1,009.7</td>
<td>$1,383.9</td>
<td>$1,989.1</td>
<td>$1,333.3</td>
<td>$1,406.5</td>
<td>$1,883.0</td>
<td>$2,620.0</td>
<td>$1,674.7</td>
</tr>
<tr>
<td>Year/Year Growth</td>
<td>29.7%</td>
<td>35.8%</td>
<td>37.8%</td>
<td>42.4%</td>
<td>41.9%</td>
<td>39.3%</td>
<td>36.1%</td>
<td>31.7%</td>
<td>25.6%</td>
</tr>
</tbody>
</table>

Amounts may not total due to rounding.

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.