FINAL TRANSCRIPT

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PRESENTATION

Operator

Good morning. At this time, I would like to welcome everyone to the Orbitz Worldwide fourth-quarter and year-end earnings conference call. (OPERATOR INSTRUCTIONS). Thank you. Ms. Shannon Burns, Director of Investor Relations, you may begin your conference.

Shannon Burns - *Orbitz Worldwide - Director, IR*

Good morning and thank you for joining us for the Orbitz Worldwide fourth-quarter 2007 earnings call. My name is Shannon Burns, Director of Investor Relations for Orbitz Worldwide. On the call this morning are Steve Barnhart, President and CEO of Orbitz Worldwide; Mike Nelson, Chief Operating Officer of Orbitz Worldwide; and Marsha Williams, the Company's Chief Financial Officer.

Before we get started, I would like to remind you of a few items. First, the rebroadcast, reproduction and retransmission of this conference call or the webcast without the expressed written consent of Orbitz Worldwide are strictly prohibited. Second, if you did not receive a copy of our press release, it is available on our Investor Relations website at www.Orbitz-IR.com. Additionally, this webcast will be archived on the site for a period of at least 90 days. An MP3 file of the call and a transcript will also be posted on the site.

Third, some of the statements made during this call constitute forward-looking statements that involve known and unknown risks, uncertainties and other factors including the risk factors described in our prospectus filed with the Securities and Exchange Commission on July 20, 2007. These risks and uncertainties may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements. Also, I would like to remind you that the media are participating in this call in a listen-only mode.

Finally, during the call, we will be referencing certain non-GAAP financial measures as defined by the SEC rules. Where required, we have provided in our press release or on our website a reconciliation of those measures to the GAAP financial measures we consider to be the most comparable. The release is available on our website.

At this time, I would like to turn the call over to Steve Barnhart, President and CEO of Orbitz Worldwide.

Steve Barnhart - *Orbitz Worldwide - President, CEO*

Good morning, everyone. Thank you for joining us. This morning, I'm going to briefly review our results for the fourth quarter and a few highlights for the year and touch on a few areas that have been of interest to you in the past. Then, I will review progress against two of our three strategic initiatives, increasing our non-air business and driving operational efficiency.

Mike Nelson, our COO, who is here with me, is then going to review progress against our third strategic initiative, growing our international operations, and give you more detail on those rapidly growing businesses. Finally, Marsha Williams, our CFO, who is also here with me, will review the financial results in more detail before we take your questions.

2007 was a year of significant achievement for Orbitz as we completed our IPO and successfully launched our global technology platform in the U.K. and Ireland. We are particularly gratified that the fourth quarter marks five consecutive quarters of strong double-digit growth in international gross bookings. As you may recall, growing our presence international has been an important focus for us in 2007.

We're pleased to report a 27% increase in adjusted EBITDA for 2007 on a 14% gain in revenue. This improvement in adjusted EBITDA reflects strong growth in our international operations, solid performance in our U.S. operations and our ability to deliver cost leverage as we scale our overall business.

In the fourth quarter, we delivered solid bottom-line results, but top-line growth was below our long-term targets. The softening of growth in the U.S. that we saw late in the third quarter and which we discussed on our last call continued into the fourth quarter. It is important to note that this softening is specific to the US. Growth continues to be very strong in our international operations.

Adjusted EBITDA increased 16% in the fourth quarter on a 10% gain in revenue. Total gross bookings were essentially equal to the fourth quarter of 2006 as a strong 43% growth in international bookings was offset by a 5% decline in domestic gross bookings. There are several factors causing the lack of growth in U.S. gross bookings.

First, the fourth quarter of 2006 was a particularly strong quarter, a 34% gain in domestic gross bookings, giving us a difficult comparison in the fourth quarter of 2007. Looking over the two-year period, the compound annual growth rate for domestic bookings in the fourth quarter was 13%, and for international bookings, it was 32%.

Second, our disciplined approach to e-marketing caused us to forego certain streams of traffic when the cost of attracting that traffic did not meet our return hurdle. Our decision not to chase the escalating cost of search terms reduced our fourth-quarter growth in gross bookings and revenue, and it is clearly evident in our lower marketing spending in the fourth quarter of 2007 versus the fourth quarter of 2006.

We increased our marketing spend for international brands, so all of the year-over-year reduction was in the US. Our approach continues to be to pay what traffic is worth and not pay a premium for traffic in the short run to sustain our recorded growth rate. Restoring strong U.S. growth is a top priority for us, but we're focused on rebuilding that growth through innovations and product development and marketing that create new reasons for customers to come directly to our sites and to convert at a higher rate on our sites, regardless of whether customers self-direct there or come through e-marketing. This is a slower process than simply purchasing more traffic, but we believe it is the best approach for driving sustainable, profitable growth in our business.

Rapid international growth continues to shift our mix of business outside the US, but there is still great potential for growth in the U.S. market, and Orbitz has demonstrated an ability to capitalize on that potential. We delivered industry-leading growth in the U.S. in 2006 and into the first and second quarters of 2007. On a two-year basis over 2006 and 2007, we led the industry in delivering growth in the U.S. with a two-year compound annual growth in gross bookings of 22%, double that of our nearest public competitor.

Looking ahead through 2008, we believe that the current softness in the U.S. will continue into the first quarter. While fourth-quarter profits increased despite slower revenue growth, we expect the current level of softness to have more of an impact on profitability in the first quarter of 2008. The comparison in the first quarter will also suffer from the overlap of some expense timing that benefited the first quarter of 2007.

Based on product and market innovation, which we'll put into the market, we expect growth to then accelerate each quarter through the balance of the year. This re-acceleration of growth is aided as our overlaps become easier as we move beyond the first quarter.

Therefore, we expect to return in 2008 to what has been a more traditional pattern of quarterly profit for Orbitz, with profits in the second, third and fourth quarters well above profits in the first quarter. Quarterly profits were unusually consistent across the quarters in 2007.

More important, we have a strong pipeline of initiatives that we believe will drive growth. We will be rolling these into the marketplace beginning in the second quarter. We will have new advertising for Orbitz and new product features that we expect will deliver both traffic and conversion benefits.

We are not going to go into marketing or product details at this time for competitive reasons, but we're very excited and have seen very strong consumer reaction. You will see several of these initiatives in the market by the time the summer travel season really gets rolling. and we expect that with these initiatives, we will be successful in restoring growth in our U.S. business to our long-term target levels.

In addition to product and brand marketing efforts, further enhancing our cost-effective and efficient online marketing is part of our strategy to drive growth in the US. We have been pursuing four primary strategies to maximize growth and profitability from our online marketing expenditures in 2008.

First, we are aggressively pursuing search engine optimization strategies. This will allow us to take full advantage of the valuable content on our sites, such as user reviews, traveler updates and blogs, giving this content greater visibility to search engines and thereby increasing cost-effective traffic to our sites.

Second, we have been testing and are now beginning to apply even more powerful analytics and analytical tools to our online marketing program to maximize the effectiveness of our marketing spend.

Third, we're systematically investing in a more effective CRM infrastructure. This will enable our communications with customers to more specifically feature offers targeted to the travel experiences they enjoy most, delivering more value to our customers and better conversion from those communications.

Finally, it is important to note that the product and marketing innovation discussed earlier will have the impact of improving the conversion rate on all traffic, both e-marketing and self-directed.

We have a proven history of using our capabilities in marketing technology and product development to engage customers and deliver growth, and we believe the innovations we plan to introduce this year and our marketing strategy will significantly improve our results in the US. However, we do not expect that revenue growth in the U.S. will return fully to our long-term target of 9% to 12% annual growth before late in the third quarter.

My comments so far have focused primarily on strategies we have put in place to re-energize growth in the near-term in the US. But I want to emphasize that we continue to work across all our businesses to maximize shareholder value over the long-term. In doing so, we remain focused on the key strategic initiatives that we have spoken about previously. These are

building our presence in rapidly growing international markets,

increasing the percentage of our business in non-air segments like hotels and dynamic vacation packages, which are considerably more profitable than the air segment, and

continuing to improve our operational efficiency with the target of an adjusted EBITDA margin in the mid-20s in four to five years.

We would like to update you on our progress with these initiatives. I will focus on some achievements against our goals of building our non-air businesses and driving operational efficiencies. Then, Mike Nelson will review progress in building our international businesses and discuss the scope and scale of those businesses and the initiatives that will drive their continued growth. Our goal here is to provide more information to help investors understand and evaluate our international operations.

On our initiatives to grow our non-air businesses, we're employing a number of strategies to build these businesses. Increasing the number of hotel options we can offer our customers is an important focus. In the fourth quarter, we continued to build on our inventory of over 85,000 hotel offerings by signing agreements with some significant group operators, especially in Europe and Asia.

As an example, we recently announced a partnership with NH Hoteles, a leading European hotel company with properties in 21 countries across Europe, Latin America and Africa. In the U.S., we have ongoing relationships with all the major hotel companies. We regularly review these agreements in order to maximize the benefits to both parties. We recently renewed our long-term partnership with Marriott International with an agreement that gives our worldwide customers access to room inventory for individual hotel room sales and vacation packages at Marriott-branded lodging properties globally.

To facilitate the ongoing expansion of our international hotel inventory, we have added significantly to our hotel sourcing team. The new offices we opened in Hong Kong and Singapore demonstrate our commitment to building long-term partnerships with hotel companies in the important Asia-Pacific region. Through building out our sourcing teams in Europe and Asia, we're adding significantly to our merchant inventory. By more often working directly with the hotels and less with intermediaries, we get better deals for our customers and the opportunity to increase the contribution we get from each transaction.

There were significant developments on other brands in the fourth quarter as well. Orbitz for Business announced the launch of the new Orbitz for Business International Booking Tool, which is designed for today's global economy. It combines the familiar and popular Orbitz user interface with a truly international platform.

In addition, Orbitz for Business signed some significant new customers in the fourth quarter. The largest of these include the University of California; the American Bar Association; and McDermott, Will & Emery, a premier international law firm. In total, we more than doubled the dollar value of our new business wins in the fourth quarter compared to the fourth quarter of 2006.

These wins illustrate the continuing trend among companies to consolidate their travel management, which is a positive for our business.

Our third strategic initiative is to improve our operational efficiency with the goal of reaching an adjusted EBITDA margin in the mid-20s in four to five years. Clearly, two major drivers in reaching that goal are leveraging our global platform and adding incremental distribution channels for our extensive inventory of travel products. After the global platform has been rolled out to all our ebookers sites in 2008, we will begin transitioning our U.S. brands to that platform.

In addition, we're building a pipeline of clients for our private-label business. This is a profitable way to leverage our technology and operations infrastructure and also provides additional distribution channels for our inventory, as will new international sites we launch as we begin to expand our worldwide footprint.

As an example of the possibilities for white label applications, ebookers was chosen as the primary travel awards fulfillment partner for a new loyalty program being introduced by two banks owned by the Royal Bank of Scotland, NatWest and Coutts. Dedicated sites that use the new ebookers platform will launch this summer. This move reflects the power of ebookers as a consumer brand in the UK. It is also a tangible example of how the new platform will help us leverage our inventory through additional points of sale and private-label distribution partnerships.

Improving our operational efficiency also requires that we allocate our manpower efficiently. In January, we realigned our technology organization and our product teams into a single new structure to achieve tighter integration between those functions. The new structure allows us to more easily align our capital and resources to a set of long-term objectives and prioritize near-term projects more closely with those key business goals.

In summary, we believe that the plans we have in place behind these two strategic initiatives will drive gross bookings, revenue and profit growth. We look forward to reporting back to you through the year on our progress.

Now, Mike will discuss our third strategic initiative, growing our international business.

Mike Nelson - *Orbitz Worldwide - COO*

Good morning, everyone. As Steve noted upfront, I'm going to focus on giving you more detail on our international businesses, an area where there has been a great deal of interest from investors and analysts. In order to focus on the most relevant metrics, all financial numbers I will discuss today exclude purchase accounting adjustments, the impact of currency fluctuations and Travelbag, which is an off-line travel agency in the U.K. that we sold in 2007.

Our two key businesses that operate outside of the U.S. are ebookers, our European online travel company, and HotelClub, which is one of a handful of large global online hotel providers. In 2007, ebookers had slightly over $1 billion in gross bookings and $97 million in revenue. HotelClub had $360 million in gross bookings and $69 million in revenue. Combined, the businesses had a 24% gain in gross bookings and a 19% increase in net revenue for the year.

The fourth quarter was also very strong, with a 30% increase in gross bookings and a 19% increase in net revenue. Taken together, our international brands have now had five consecutive quarters of double-digit growth in gross bookings.

When we first began managing these businesses as part of a global restructuring at the start of 2006, both businesses had shrinking revenue and in total were losing money. Thus, we had the dual task of reversing revenue and profit trends. We are now in a much better position, with strong top-line growth and a profitable international business and growing profits at HotelClub that exceed shrinking losses at ebookers.

Now, I'll make some comments specific to ebookers. In our last call, we talked about our early experience with the launch of our new global platform in the UK, which went live in July. The global platform provides access to triple the amount of hotel inventory that was available on the legacy platform. It also has an improved booking path for hotels and dynamic packages, with more photos, better maps and more extensive hotel reviews. Hotel bookings on our U.K. side increased over 65% from the fourth quarter of 2006 and package sales doubled.

Also, thanks to improved automation, customer service and fulfillment costs have been reduced. These benefits directly tie to our strategies of increasing our non-air mix and improving operational efficiencies.

In November, we transitioned our Ireland site to the new platform. Our experience in Ireland has been very similar to that in the U.K. but with even bigger gains in hotels and packages. Dynamic packages, which were not a significant contributor to revenue on the legacy platform, contributed 25% of the site's revenue in January.

There are a few major projects to complete before we can migrate the remaining 11 European countries to the global platform. Examples include connectivity to multiple global distribution systems and language translations. After these projects are completed, the remaining work is more operational in nature and country specific, such as training service agents, applying markup logic, et cetera. We're pleased with where we stand in this process and are on schedule to migrate the 11 remaining ebookers sites to the global platform by the end of 2008.

While we're happy with our progress on the global platform, our business in Continental Europe is growing much faster than the U.K. without the benefit of the global platform. The growth in those countries is being driven by stronger growth trends for online travel and improvements we have made to our marketing tactics, merchandising and revenue management. The new platform should only help in these already strong markets.

With that in mind, our plan to achieve profitability at ebookers is on track, and it is reasonable to assume that we will achieve breakeven sometime in 2009. Also, it is noteworthy that our growth rates have been achieved without geographic expansion, acquisitions or large white-label partnerships. Completion of the platform will leave us well positioned to take advantage of such opportunities.

Our other international business, HotelClub, encompasses our two global online hotel-only brands, HotelClub.com and RatesToGo.com. We operate two distinct business models, enabling us to target customers and suppliers with different value propositions. HotelClub.com is a traditional prepaid merchant hotel business offering nearly 33,000 hotels in 118 countries. RatesToGo.com is a retail hotel business that offers last-minute hotel reservations at nearly 15,000 hotels in 46 countries. RatesToGo.com offers consumers great values while offering suppliers a low-cost distribution outlet for last-minute inventories.

In 2008, HotelClub has aggressive plans to accelerate top-line growth. Our key initiatives for this business are as follows. First, we will replace third-party inventory with direct hotel relationships. Such relationships mean better margins and more control over inventories. In 2007, we more than doubled the size of our hotel sourcing team in Europe and Asia, putting it on par with the size of our U.S. sourcing team.

We have plans to continue hiring aggressively in the first half of 2008 with the desrfocus on ensuring we have the right talent, the right hotels and the appropriate connectivity to those hotels. Direct inventory now accounts for nearly 45% of HotelClub.com sales, which compares to about 15% at the beginning of 2007.

Second, we will invest more heavily in marketing. HotelClub has strong capabilities in search marketing, both paid search and search engine optimization, and a unique membership model with over 5 million registered users. We will devote more resources, both people and money, to grow our membership program and expand search marketing.

Third, we will invest in products and technology. We're in the process of redesigning the sites to improve both the look and feel of the sites and basic capabilities. These improvements will begin to roll out this month and be completed later this year.

Also, we plan to increase the localization of the sites by adding three new languages, bringing the total to 15, and three additional currencies, bringing the total to 17.

In short, HotelClub is very well positioned to take advantage of growth in global online hotel bookings. We're also excited about the benefits this will bring to our overall hotel business. Orbitz Worldwide is one of a very small group of companies that can offer suppliers global distribution, a good mix of business and leisure travelers and the ability to distribute rooms on a stand-alone basis or as part of a vacation package.

I hope this gives you a better understanding of our international businesses. We're happy with our progress over the last two years, and we feel even better about the future as we complete the transition to the global platform and improve our international hotel inventory.

Now, Marsha Williams will review the financial results for the quarter in greater detail.

Marsha Williams - *Orbitz Worldwide - CFO*

We're pleased to announce that fourth quarter 2007 net revenue and adjusted EBITDA were $197 million and $37 million, respectively. Our adjusted EBITDA during the fourth quarter was up 16% as compared to the same period last year. For the full year 2007, net revenues increased 14% and adjusted EBITDA increased 27%.

On a GAAP basis, total revenues grew 10% in the fourth quarter of 2007 as compared to the fourth quarter of 2006. For the quarter, domestic revenues grew 5% and international revenues grew 33%. Air revenues declined 5% and non-air and other revenues grew by 23%.

Given all of the changes at Orbitz in 2006 and 2007, in order to give you an apples-to-apples comparisons of what happened in our business in both the fourth quarter of 2007 and for the full year of 2007, we have prepared a schedule that adjusts revenue for our Americas business, ebookers and HotelClub. These adjustments primarily consist of removing the impact of purchase accounting that reduced revenue in the fourth quarter of 2006, removing Travelbag from both 2006 and 2007, and adjusting for currency fluctuations. We have posted this schedule on our website so that the effects of these changes are clearly spelled out.

On this basis, adjusted net revenue increased 10% in 2007 compared to 2006. For the fourth quarter of 2007, adjusted net revenue increased 1% over the fourth quarter of last year. Our adjusted net revenue growth in the fourth quarter of 2007 was led by ebookers, which increased net revenue by 22% over fourth quarter 2006 levels. For the full year, ebookers' adjusted net revenue increased to $97 million, up 17% over 2006 levels.

HotelClub's adjusted net revenue increased 18% during the fourth quarter. For the full year, HotelClub's adjusted net revenue increased to $69 million, up 21% over 2006 levels. We are clearly pleased with the growth in our international businesses.

Adjusted net revenues in the Americas increased 8% for the year 2007 but declined 3% in the fourth quarter as compared to the fourth quarter of last year. This decline was primarily in air revenue. We had an increase in non-air and other revenue in the fourth quarter, which was driven largely by our domestic hotel business as well as increases in the advertising revenues.

Selling, general and administrative expenses declined 13% or $10 million versus the fourth quarter of 2006. As you will recall, the fourth quarter of 2006 included expenses associated with our off-line U.K. travel business, which was sold in July of 2007. We also received an insurance reimbursement which partially offset a portion of our ongoing hotel litigation costs. We're continuing to carefully monitor our SG&A expenses.

Marketing expenses declined 8% in the fourth quarter of 2007 as compared to 2006 levels. We intentionally adjusted our e-marketing spend in the quarter in response to higher e-marketing costs in the U.S. We did this to ensure that we continue to meet our return and profitability targets on this activity.

For the full year 2007, adjusted EBITDA was $144 million, an increase of 27% over adjusted EBITDA in 2006. Adjusted EPS was $0.12 per share in the fourth quarter. As we've said in the past, we calculate adjusted EBITDA consistently with the way management runs the business. We're trying to convey the true earnings capability of Orbitz, adjusting out the non-cash or one-time items. We have provided a schedule which reconciles EBITDA and adjusted EBITDA in our press release. We're also provided the details regarding the performance of our U.K. off-line travel business, which was sold in July.

With respect to the fourth quarter of 2007 adjustments, I'd like to give you a little bit more detail about what's included in each major category. The largest adjustments to EBITDA were $4 million relating to stock option expense and $2 million relating to severance expense. We also adjusted EBITDA for $1 million related to the one-time costs associated with operating two technology platforms in Europe. As we complete the rollout of the new platforms Steve discussed earlier, these duplicative costs will be eliminated. As a result, we will no longer adjust EBITDA for these costs in 2008.

The remaining adjustments to EBITDA are all about $1 million each and are generally consistent with what we have reported in the prior period. As I mentioned earlier, we've provided a schedule of these adjustments in our press release.

Fourth-quarter income statement reflects net interest expense of $17 million. Interest expense includes interest on our $600 million term loan and our $85 million revolver and also includes non-cash interest of approximately $3 million that accrues on our tax sharing liability agreements with the airlines. We borrowed under our revolving credit line during the fourth quarter but repaid the revolver completely at the beginning of 2008.

As you may recall, in the first half of the year is when we build our cash position. At the moment, we have cash balances of approximately $100 million with nothing outstanding under our revolver.

Continuing on the balance sheet, Tecnovate, the Indian offshore company we use, was sold by Travelport in the fourth quarter of 2007. As a result of that sale, we are no longer required to consolidate Tecnovate, so the minority interest position we reported on the balance sheet in the third quarter of 2007 has been eliminated.

Capital expenditures for 2007 were $53 million, which is down sharply from the $83 million we spent in 2006. This reduction reflects two items. First is that we incurred significant one-time expenditures in 2006 to build out the infrastructure for our new global technology platform. The second is that in 2006 we spent about $13 million to relocate our corporate offices.

That concludes my recap of our financial results, and now we will be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(OPERATOR INSTRUCTIONS). Imran Khan, JPMorgan.

Imran Khan - *JPMorgan - Analyst*

Two questions, first related to the marketing. I was wondering if you can give us some color of what kind of response rate you're seeing from the consumers on the paid search area, if you're continuing to do your SCM strategy. So that's question number one.

Then question number two, I think you talked about a difficult comp in Q1 on a year-over-year basis. So I was trying to get a sense like do you think that your growth rate impact compared to your competitors is primarily all because of the comp, or do you think you're losing some market share? And do you expect the growth rate to rebound like to your competitors' level in Q2?

Steve Barnhart - *Orbitz Worldwide - President, CEO*

I will take the second one first. In terms of the difficult comp, I think if you look at the business, we had an extraordinarily strong 2006. We were very strong going into Q1 and Q2 of 2007. We've clearly weakened in the back part of 2007 as we lap what we did in 2006. If you look at over those two years, we grew 22% in the U.S., which was twice the rate of our largest publicly reporting competitor. So if you look at it on the last 24 months of performance, we would have gained share in the U.S. business.

We don't expect to be back at our long-term growth rates in Q2. We expect to build back to our long-term growth rates and be there in the fourth quarter of 2008, but it will be an acceleration of growth each quarter leading up into 2008.

In terms of the response rates, we haven't seen a meaningful change in response rate in terms of online marketing, so it's not a question of response rate. It's really a question of the market cost of the traffic.

Operator

Michael Millman, Soleil Securities.

Michael Millman - *Soleil Securities - Analyst*

I want to follow up a little bit on that last one. That is, your competition is seemingly talking about less and later softness in the U.S. market than you have been. Related to that, are you seeing any effect by what's going on with Priceline's booking fees? Because it does -- and you might talk about what -- give us the metric for air tickets. Then I have another one.

Steve Barnhart - *Orbitz Worldwide - President, CEO*

On those two topics, on the U.S. market, the problem market remains solid. It's not quite as robust as it has been. But it's very solid. There are a few pockets where we see some weakness. I think the difference between what you see for us and our competitors is where we have chosen not to bid up for the traffic and therefore ceded that traffic. The traffic, obviously, we're giving up has supported their growth rates. So, to the extent they are procuring that traffic online, they are seeing their growth rates of traffic hold up more strongly than ours. But that's simply a matter of whether we're willing to pay up for that traffic or not.

In terms of the booking fees, we're not seeing material impact from the booking fee change. If you go back to Q3, the booking fee change happened in June of 2006 -- I'm sorry, June of 2007. You saw the results in Q3; obviously didn't reflect impact in the booking fees. If you look at Q4, you can see very clearly in our P&L the impact. We've reduced our marketing spending. It came out of the US. We've reduced our growth rate in the US. You certainly don't see an impact there related to the booking fee.

I just want to reiterate the share of retail air in the U.S., Priceline is probably something in the 3% range. So if they grew their business 25%, they have probably taken 0.5 point of share from the people controlling the other 97% of the share in the online traffic market among the OTAs. It's just such a small number; it can't have that meaningful an impact.

Michael Millman - *Soleil Securities - Analyst*

The other air question was could you give us your air tickets year over year?

Steve Barnhart - *Orbitz Worldwide - President, CEO*

I don't think we've released that number. It's not a number we're going to start releasing at this point.

Michael Millman - *Soleil Securities - Analyst*

Can you give us sort of a ballpark? Was it up, down, sideways?

Steve Barnhart - *Orbitz Worldwide - President, CEO*

Well, I think you can look at the segment information that we released on air and discern from that what the direction you expect to be on underlying tickets.

Michael Millman - *Soleil Securities - Analyst*

On international, again if I bring up Priceline, you seem to make -- as you move out with your new platform into Continental Europe, should be getting into some of the markets that -- Continental markets, that have been hugely profitable for Priceline. Are you running into them? Do you think you're taking -- you're not taking share; they are growing faster. But do you see that ultimately that you will be competing for the same businesses that they are?

Steve Barnhart - *Orbitz Worldwide - President, CEO*

Let me turn that over to Mike. But let me just preface it by saying you need to think of our international businesses in two different pieces. We have an online travel agency business based in Continental Europe. We have an international hotel business operating worldwide. But, Mike, why don't you detail that out?

Mike Nelson - *Orbitz Worldwide - COO*

Yes, I think that's right. As Steve said, we have a more complex international business than Priceline does. We have ebookers, which very much competes with Expedia, Opodo, Lastminute. And we have HotelClub, which would compete with the likes of Priceline's business overseas. We're already competing with Priceline, so there is not going to be any change there. We will continue to compete with them.

I think it is important when you look at our international business relative to our competitors, you heard the figures we gave. And if you compare it apples-to-apples, whether it's with or without currency fluctuation, I think we stack up as well relative to the players that we would compete with more completely. In other words, Expedia, which has the same type of business model that we have, and although Opodo and Lastminute don't report, we feel pretty good about where we believe our -- where we know our growth rates are and where we believe their growth rates are.

So we think we're pretty well-positioned, especially given some of the comments I made earlier that our growth rates do not include geographic expansion, large white label deals, et cetera. Some of our competitors do, and the new platform will certainly allow us to pursue those opportunities.

Michael Millman - *Soleil Securities - Analyst*

Do you see any change in competitive dynamics as Expedia and Lastminute roll out their global platforms?

Steve Barnhart - *Orbitz Worldwide - President, CEO*

Without knowing the details on what those platforms will deliver or any firm timing on when those platforms would come out, I don't think I can speculate on that.

At this point, we should probably move on to other questions.

Operator

Brian Fitzgerald, Banc of America Securities.

Brian Fitzgerald - *Banc of America Securities - Analyst*

Can you provide any additional color on the size and growth of your advertising revenue? And then kind of a derivative of Michael's question -- on the rollout of the remaining 11 ebookers sites, should we anticipate that steady, consistent rollout throughout the three quarters, or is there anything that would make it more back-end or front-end loaded?

Steve Barnhart - *Orbitz Worldwide - President, CEO*

We had very solid growth in our advertising revenues, very solid double-digit growth rates in that area. In terms of the second piece, Mike, do you want to touch on that?

Mike Nelson - *Orbitz Worldwide - COO*

In terms of the platform rollout, as I said, there's some foundational work that needs to be done. Most of that work will be completed in the first half of this year, so the rollout of the remaining countries will be more back-end loaded.

Operator

Jennifer Watson, Goldman Sachs.

Jennifer Watson - *Goldman Sachs - Analyst*

Can you talk a little bit about what gives you confidence that you can return to growth domestically without sacrificing EBITDA margin, given the current inflation in keywords marketing, and also the economic outlook?

Steve Barnhart - *Orbitz Worldwide - President, CEO*

Sure. On the return to growth, our business is composed of both the online space, where we source transactions, and traffic we bring directly to our sites via our brand marketing. We're not overly excited about what we're getting out of our brand marketing at this point. The campaign we have in the marketplace did a lot of the things we wanted it to in terms of reinforcing the customer proposition we deliver around service and OrbitzTLC, but it's not bringing customers to our site at the rate we'd like.

And we've seen it weaken during its time in the marketplace. So as we replace that campaign with a new campaign going into the summer, we're quite confident we will get more lift out of our advertising spend.

In terms of the online space, I took you through three very specific things we're doing to enhance our online position as well as the fact that we have a significant pipeline of product innovations that will bring value both to consumers online and off-line, improving our conversion, which helps us compete in online marketing but also improving our conversion in the off-line space.

And again, we're not that far from 2006. I believe we grew about eight times as fast as our largest competitor in the United States in 2006. So we have a pretty clear history of knowing how to drive growth in the marketplace. We have had a lot of our resources focused on building a platform over the last few months. We have had a little bit of our resources focused on going public. But we're fully focused on getting the U.S. back to growth, and we're very confident that we will bring that growth back over the space of 2008.

Jennifer Watson - *Goldman Sachs - Analyst*

Is there any disadvantage to starting a program later in the year, given that a lot of travel plans are actually booked in Q1 and Q2?

Steve Barnhart - *Orbitz Worldwide - President, CEO*

There's travel being booked throughout the year. There certainly is seasonality where, particularly right now, as you go into the spring break and early summer travel plans, there is particularly heavy planning out there. But we launched in May last year, so it's not unusually late timing in terms of that sense. In terms of delivering growth through the balance of the year, there's no disadvantage.

Operator

(OPERATOR INSTRUCTIONS). Douglas Anmuth, Lehman Brothers.

Doug Anmuth - *Lehman Brothers - Analyst*

Could you elaborate, Steve, on your comment on pockets of weakness in the U.S. market, specifically in the overall travel market and where you're seeing it? And then, second, to what degree are you seeing suppliers seek more assistance from OTAs in terms of moving more inventory?

Steve Barnhart - *Orbitz Worldwide - President, CEO*

The weakness we see we would characterize as more in what would appear to be somewhat more discretionary leisure markets. Las Vegas is certainly one market where we've seen some weakening. You had some markets in destinations like Mexico, where we've seen some weakening as well. But we haven't seen it in major business markets or really the mainstream Continental U.S. markets. In the airline side, we've seen only very, very limited commentary on weakness on specific routes.

Doug Anmuth - *Lehman Brothers - Analyst*

Then the second question in terms of giving more inventory, potentially, from suppliers?

Steve Barnhart - *Orbitz Worldwide - President, CEO*

We have seen suppliers come to us that are interested in being more aggressive and working to move inventory. So we have a number of hoteliers who are working with, more than we have in the past, to help fill the hotels back up, as they are seeing these pockets of weakness.

Mike Nelson - *Orbitz Worldwide - COO*

The only thing I would add is we've had, again, it's a very small number of -- in the hotel space, some suppliers in markets like Vegas coming to us, providing us with lower net rates and certainly working with us, in fact, more frequently working with us on promotional opportunities. But it's not broad-based. It is very limited right now.

Operator

Peter Gingold, Angelo Gordon.

Peter Gingold - *Angelo Gordon - Analyst*

Really housekeeping, I couldn't hear when you said what the CapEx for the year was. I was wondering if you could just restate that.

And then also, as it relates to working capital with no cash flow statement provided, I just did the math between the changes in balance sheets. I didn't know if there was anything that I should be thinking about there. Was there any -- [I'm coming up there] on a yearly basis, there was -- you had negative working capital, and there was a use of -- I am sorry, it was a source of cash. I just want to confirm that that's the case.

Marsha Williams - *Orbitz Worldwide - CFO*

Yes, that is still the case. Obviously, that negative working capital does provide us with some financing, and it's really driven by the nature of our merchant hotel business.

The capital expenditures for 2007 were $53 million, and that was down from the $83 million that we spent last year. I'm not sure if you heard all of the comments, but last year we invested fairly heavily in our new technology platforms. We also spent about $13 million in 2006 to relocate our corporate offices. So the combination of the heavy tech spending in 2006 and the corporate offices, neither of those were repeated in 2007. So our total capital expenditures for the year were $53 million.

Operator

At this time, there are no further questions. I would like to now turn the call over to Mr. Barnhart for closing remarks.

Steve Barnhart - *Orbitz Worldwide - President, CEO*

Let me close by recapping our expectations. The slower U.S. growth we saw beginning late in the third quarter of 2007 persisted in the fourth quarter. It continues in the first quarter of 2008, which we expect to be the weakest quarter for top-line growth in 2008. This, in combination with unfavorable expense timing versus the first quarter of 2007, will change the quarterly pattern of our profits from the relatively even spread across the quarters that we saw in 2007. In 2008, we expect to see a pattern more similar to that we had before 2007, where EBITDA in Q2, Q3 and Q4 was generally well above EBITDA in the first quarter. After the first quarter, we expect our growth to accelerate, returning to our long-term growth targets on a full-quarter basis in the fourth quarter of 2008.

We're very excited about the opportunities we see ahead. We have a strong pipeline of product and marketing innovations that we expect to accelerate our U.S. growth rates beginning in the second quarter. We continue to see very strong growth at both of our international businesses. We believe that we will be able to leverage the capabilities of our new platform, further driving revenue growth and improving profitability. The results we have seen so far at ebookers reinforce our confidence in this.

Our investments in HotelClub, particularly on additional hotel market managers, are quickly adding further to our strong results there. With three strong international brands, we will continue to benefit from the faster growth forecast for the online travel business overseas. Our margins will benefit in the next few years from rolling out our global technology platform, bringing ebookers to profitability and improving the returns at our other brands. We're seeing continued solid growth in our corporate travel business and good progress in areas like building our white label business.

We continue to believe that we'll meet the targets we have set out over the long-term. Those targets are a 9% to 12% increase in worldwide gross bookings and revenue, apart from the impact on gross bookings of any material declines in airline pricing; steady; modest increases in non-air mix, both as a percentage of revenues and as a percentage of gross bookings; and, lastly, an improvement in annual adjusted EBITDA margins increasing to a mid 20's adjusted EBITDA margin over the next four to five years.

Thank you for joining us today. We look forward to updating you on our progress in 2008.

Operator

That concludes today's conference call. You may now disconnect.
