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FOR IMMEDIATE RELEASE

## **Travelzoo Reports Record Second Quarter Revenues, and Profitability**

**MOUNTAIN VIEW, Calif., July 15, 2002** -- Travelzoo Inc., an Internet media company that publishes the Travelzoo® website (<http://www.travelzoo.com>) and the Travelzoo Top 20™ e-mail newsletter, today announced financial results for the quarter ended June 30, 2002.

Travelzoo reported record revenues of approximately \$2.2 million for the second quarter of 2002, an increase of 44% over revenues of approximately \$1.5 million for the same period last year, and a quarterly sequential increase of 12% over revenues of approximately \$2.0 million for the quarter ended March 31, 2002.

The company reported a net income of \$145,880 for the second quarter 2002 compared to a net income of \$69,559 for the same period in 2001. Net income per share for the second quarter of 2002 was \$0.01 per basic and diluted share.

For the first six months of 2002, revenue was approximately \$4.2 million compared to approximately \$2.9 million for the same period in 2001, a 47% increase. Net income per share was \$0.01 in the first half of 2002 compared to \$0.01 in the first half of 2001.

### **About Travelzoo**

Travelzoo Inc. publishes the Travelzoo® website and the Travelzoo Top 20™ e-mail newsletter, which inform Internet users about sales, specials, and promotions from 180+ travel companies. Travelzoo reaches 4.2 million users per month (Media Metrix, 5/2002). Advertisers include Alamo Rent-a-Car, American Airlines, America West Vacations, Budget Rent A Car, Delta Air Lines, Expedia.com, France Vacations, JetBlue Airways, Marriott, Park Place Entertainment, Starwood, SunTrips, Travelocity.com and Wyndham Hotels & Resorts.

Certain statements contained in this press release that are not historical facts may be forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934. These forward looking statements may include, but are not limited to, statements about our plans, objectives, expectations, prospects and intentions, markets in which we participate and other statements contained in this press release that are not historical facts. When used in this press release, the words "expect," "predict," "project," "anticipate," "believe," "estimate," "intend," "plan," "seek" and similar expressions are generally intended to identify forward looking statements. Because these forward looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward looking statements, including changes in our plans, objectives, expectations, prospects and intentions and other factors discussed in our filings with the SEC. We cannot guarantee any future levels of activity, performance or achievements. Travelzoo undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this press release.

Travelzoo Inc.  
Condensed Consolidated Statements of Operations  
(unaudited, in thousands, except per share amounts)

	Six Months Ended	
	June 30,	
	2002	2001
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Revenues:		
Advertising	\$ 4,177	\$ 2,845
Commissions	-	5
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Total Revenues	\$ 4,177	\$ 2,850
Cost of Revenues	172	151
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Gross profit	4,005	2,699
Operating Expenses:		
Sales and Marketing	2,312	1,240
General and Administrative	1,125	563
Merger Expenses	54	241
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Total Operating Expenses	3,491	2,044
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Income from Operations	514	655
Interest Income	1	1
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Income before Income Taxes	515	656
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Income Taxes	233	368
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Net income	\$ 282	\$ 288
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Basic and Diluted Net Income		
Per Share	\$ 0.01	\$ 0.01
Shares Used in Computing		
Basic and Diluted Net Income		
Per Share	19,425	19,425

Travelzoo Inc.  
Condensed Consolidated Balance Sheets  
(unaudited, in thousands)

	June 30, 2002 ----	December 31, 2001 ----
Cash	\$ 380	\$ 610
Accounts Receivable, net	1,113	892
Deposits	62	33
Other Current Assets	57	18
Deferred Income Taxes	65	65
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Total Current Assets	1,677	1,618
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Deferred Income Taxes	15	16
Property and Equipment, net	189	137
Intangible Assets, net	319	360
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Total Assets	\$ 2,200	\$ 2,131
	=====	=====
Accounts Payable	154	175
Accrued Expenses	390	284
Deferred Revenue	97	87
Income Tax Payable	339	647
Payable to Principal Stockholder	-	-
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Total Liabilities	980	1,193
	-----	-----
Common Stock	78	78
Retained Earnings	1,142	860
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Total Stockholders' Equity	1,220	938
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Total Liabilities and Stockholders' Equity	\$ 2,200	\$ 2,131
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