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FOR IMMEDIATE RELEASE

## **Travelzoo Reports Strong Q3 2002 Results: Record Revenues, Record Profit**

**MOUNTAIN VIEW, Calif., October 11, 2002** -- Travelzoo Inc. (OTCBB: TVZO), the Internet media company that publishes Travelzoo® ([www.travelzoo.com](http://www.travelzoo.com)) and Weekend.com™, today announced record revenues and record profit for the third quarter ended September 30, 2002.

Third Quarter 2002 Financial Highlights:

- Revenues increased by 61% from the same period last year
- Net profit increased by 305% from the same period last year
- Pre-tax profit margin now 16% of revenues

Travelzoo reported record revenues of approximately \$2.5 million for the third quarter of 2002, an increase of 61% over revenues of approximately \$1.6 million for the same period last year, and a quarterly sequential increase of 15% over revenues of approximately \$2.2 million for the quarter ended June 30, 2002.

The company reported a record net income of \$245,584 for the third quarter of 2002 compared to a net income of \$60,546 for the same period in 2001. Net income per share for the third quarter of 2002 was \$0.01 per basic and diluted share.

Income before income taxes for the third quarter ended September 30, 2002 was \$416,655 or 16% of revenues, compared to \$146,483, or 9% of revenues, for the same period last year.

For the first nine months of 2002, revenue was approximately \$6.7 million compared to approximately \$4.4 million for the same period in 2001, a 52% increase. Net income per share was \$0.03 for the nine months of 2002 compared to \$0.02 for the nine months of 2001.

### **About Travelzoo**

Travelzoo Inc. publishes the Travelzoo® website, the Travelzoo Top 20™ e-mail newsletter and the Weekend.com™ e-mail newsletter. Travelzoo reaches 4.6 million users per month (comScore Media Metrix, 7/2002). Among the companies that promote their sales and specials on Travelzoo are Alamo Rent-a-Car, American Airlines, American Express Travel, Apple Vacations, Avis Rent A Car, Carnival Cruise Lines, Delta Air Lines, Funjet Vacations, Ian Schrager Hotels, JetBlue Airways, Marriott Hotels, Orbitz, Royal Caribbean Cruises, Southwest Airlines and Starwood 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 is a registered trademark of Travelzoo Inc. All other company and product names mentioned are trademarks of their respective owners.

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

	Three months ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
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Revenues:				
Advertising	\$ 2,538	\$ 1,574	\$ 6,715	\$ 4,419
Commissions	-	1	-	6
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Total Revenues	\$ 2,538	\$ 1,575	\$ 6,715	\$ 4,425
Cost of Revenues	90	74	262	225
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Gross Profit	2,448	1,501	6,453	4,200
Operating Expenses:				
Sales and Marketing	1,510	920	3,823	2,160
General and Administrative	522	373	1,646	936
Merger Expenses	-	62	55	304
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Total Operating Expenses	2,032	1,355	5,524	3,400
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Income from Operations	416	146	930	800
Interest Income	1	1	2	2
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Income before Income Taxes	417	147	932	802
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Income Taxes	171	86	405	454
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Net Income	\$ 246	\$ 61	\$ 527	\$ 348
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Basic Net Income per Share	\$ 0.01	\$ 0.00	\$ 0.03	\$ 0.02
Diluted Net Income per Share	0.01	0.00	0.03	0.02
Shares Used in Computing				
Basic Net Income per Share	19,425	19,425	19,425	19,425
Diluted Net Income per Share	20,257	19,425	19,822	19,425

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

	September 30, 2002 ----	December 31, 2001 ----
Cash	\$ 797	\$ 610
Accounts Receivable, net	1,090	892
Deposits	59	33
Other Current Assets	42	18
Deferred Income Taxes	65	65
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Total Current Assets	2,053	1,618
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Deferred Income Taxes	15	16
Property and Equipment, net	165	137
Intangible Assets, net	229	360
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Total Assets	\$ 2,462	\$ 2,131
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Accounts Payable	456	175
Accrued Expenses	197	284
Deferred Revenue	9	87
Income Tax Payable	335	647
Payable to Principal Stockholder	-	-
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Total Liabilities	997	1,193
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Common Stock	194	194
Additional paid-in capital	(116)	(116)
Retained Earnings	1,387	860
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Total Stockholders' Equity	1,465	938
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Total Liabilities and Stockholders' Equity	\$ 2,462	\$ 2,131
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