



Travelzoo Inc.  
590 Madison Avenue, 21st Floor  
New York, NY 10022  
Phone (212) 521-4200  
Fax (212) 521-4230

**Media Contact:**  
Dana Carmel  
(650) 943-2425 direct  
dcarmel@travelzoo.com

FOR IMMEDIATE RELEASE

## **Travelzoo Reports Excellent Fourth Quarter, Year-End 2002 Financial Results: Record Revenues, Record Profit**

**NEW YORK, January 14, 2003** -- Travelzoo Inc. (OTCBB: TVZO), the Internet media company that publishes Travelzoo® ([www.travelzoo.com](http://www.travelzoo.com)) and Weekend.com®, today reported record revenues and record profit for the fourth quarter and year ended December 31, 2002.

Fourth Quarter 2002 Financial Highlights:

- Revenues increased by 82% from same period last year
- Net profit increased by 2073% from same period last year
- Pre-tax profit margin now 16% of revenues

Travelzoo Inc. reported revenues of approximately \$3.1 million for the fourth quarter ended December 31, 2002, an increase of 82% over revenues of approximately \$1.7 million for the same period last year, and a quarterly sequential increase of 23% over revenues of approximately \$2.5 million for the quarter ended September 30, 2002.

The company reported a record net income of \$325,867 for the fourth quarter of 2002 compared to a net income of \$15,390 for the same period in 2001. Net income per share for the fourth quarter of 2002 was \$0.02 per basic and diluted share.

Income before income taxes for the fourth quarter ended December 31, 2002 was \$493,805 or 16% of revenues, compared to \$83,012, or 5% of revenues, for the same period last year.

Net revenues for 2002 were approximately \$9.9 million compared to approximately \$6.1 million for 2001, a 60% increase. Net income per share was \$0.04 in 2002 compared to \$0.02 in 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 December 31,		Year ended December 31,	
	2002	2001	2002	2001
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Revenues:				
Advertising	\$ 3,132	\$ 1,723	\$ 9,848	\$ 6,142
Commissions	-	-	-	6
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Total Revenues	\$ 3,132	\$ 1,723	\$ 9,848	\$ 6,148
Cost of Revenues	89	79	351	304
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Gross Profit	3,043	1,644	9,497	5,844
Operating Expenses:				
Sales and Marketing	1,904	1,115	5,727	3,275
General and Administrative	647	418	2,294	1,354
Merger Expenses	-	29	54	333
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Total Operating Expenses	2,551	1,562	8,075	4,962
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Income from Operations	492	82	1,422	882
Interest Income	2	1	4	3
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Income before Income Taxes	494	83	1,426	885
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Income Taxes	168	68	573	521
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Net Income	\$ 326	\$ 15	\$ 853	\$ 364
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Basic Net Income per Share	\$ 0.02	\$ 0.00	\$ 0.04	\$ 0.02
Diluted Net Income per Share	0.02	0.00	0.04	0.02
Shares Used in Computing				
Basic Net Income per Share	19,425	19,425	19,425	19,425
Diluted Net Income per Share	20,478	19,425	19,896	19,425

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

	December 31, 2002 ----	December 31, 2001 ----
Cash	\$ 1,258	\$ 610
Accounts Receivable, net	1,312	892
Deposits	87	33
Other Current Assets	115	18
Deferred Income Taxes	81	65
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Total Current Assets	2,853	1,618
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Deferred Income Taxes	32	16
Property and Equipment, net	142	137
Intangible Assets, net	213	360
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Total Assets	\$ 3,240	\$ 2,131
	=====	=====
Accounts Payable	442	175
Accrued Expenses	548	284
Deferred Revenue	19	87
Income Tax Payable	440	647
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Total Liabilities	1,449	1,193
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Common Stock	194	194
Additional paid-in capital	(116)	(116)
Retained Earnings	1,713	860
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Total Stockholders' Equity	1,791	938
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Total Liabilities and Stockholders' Equity	\$ 3,240	\$ 2,131
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