



CASH PROGRAM DESCRIPTION

Travelzoo Inc., a Delaware corporation (the "Company"), entered into a merger with Travelzoo.com Corporation, a corporation organized under the Bahamas International Business Companies Act, which became effective in April of 2002. Shareholders of Travelzoo Bahamas were required to submit their requests to receive shares in the Company by April 2004. The Board of Directors of the Company has now approved a program to grant to the former shareholders of Travelzoo Bahamas who failed to submit requests for shares in the Company within the required time period the opportunity to receive a cash payment equal to the market value of the shares of the Company they would have received if they had submitted their requests within the required time period. The cash payment will be based on the average closing price of the Company's common stock for the ten trading days prior to receipt by the Company of proof of eligibility by a former shareholder.

No expiration date has been set for this program.

Our Board of Directors has unanimously approved this program. However, former stockholders of Travelzoo Bahamas must make their own decisions whether to participate in the program. Neither Travelzoo Inc. nor any of our executive officers or Board of Directors makes any recommendation as to whether to participate in the program.

This document contains important information which you should read carefully in its entirety before you make any decision with respect to this offer.

This transaction has not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has any such commission passed upon the fairness or merits of such transaction or upon the accuracy or adequacy of the information contained herein. Any representation to the contrary is a criminal offense.

October 26, 2004

SUMMARY

This summary answers some of the questions that you may have about the material terms of this program.

What do I need to do to participate in this program?

To participate in this program, you must complete and sign your Election to Participate in accordance with its instructions and deliver the document and any other required documents to Travelzoo Inc. Unexchanged Share Program, 800 West El Camino Real, Suite 275, Mountain View, CA 94040-2688. This election will become irrevocable 20 business days after the date on which you send to the Company your Election to Participate. We reserve the right to reject any Elections to Participate that we determine are not in appropriate form or that we determine are unlawful to accept.

By submitting the Election to Participate, you are agreeing to be subject to the terms and conditions of this program and release the Company and its affiliates from any liability to you by reason of your previous ownership of the shares of the Travelzoo.com Corporation.

When will this program expire?

We have not yet established an expiration date for this program.

Is the program subject to change?

We may change the program at any time in the future, but we have no current plans to make any such changes.

If I participate in this program, what will I receive?

You will receive a cash payment equal to the market value of the shares of the Company you would have received if you had submitted your request within the required time period. The cash payment will be based on the average closing price of the Company's common stock for the ten trading days prior to receipt by the Company of your proof of eligibility to participate in this program.

How can I establish my proof of eligibility in this program?

In order to establish proof of eligibility in this program, you must submit the information requested in the Election to Participate.

How do I withdraw a previously submitted Election to Participate?

To withdraw your Election to Participate which you previously submitted, you must deliver to Travelzoo Inc. Unexchanged Share Program... a completed Notice of Withdrawal within 20 business days after the date on which you send to the Company your Election to Participate. Delivery will be at your expense. If you decide to re-elect to participate in this program if you have previously withdrawn, you must resubmit an Election to Participate prior to the expiration date of this program.

Will the payment I receive be taxable to me?

You should consult your own tax advisors to determine the proper tax treatment, under your particular circumstances, of any payment you receive under this program.

Who can I talk to if I have questions about this program?

Questions regarding the terms of this program should be directed to Travelzoo Inc. Unexchanged Share Program, 800 West El Camino Real, Suite 275, Mountain View, CA 94040-2688.

Where can I find additional information regarding the Company?

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may access and read our filings with the SEC through the SEC's website at www.sec.gov. We incorporate by reference into this summary the following:

- our Annual Report on Form 10-K for the year ended December 31, 2003,
- our Proxy Statement dated May 3, 2004 relating to our 2004 annual meeting of stockholders, and
- our Quarterly Report on Form 10-Q for the period ended June 30, 2004.