

Priceline.com Sees Record Customer Growth And Leisure Airline Ticket Sales In 4th Quarter: Tells Investor Conference That It Expects To Report Nearly Half A Billion Dollars In Revenue For Its First Full Year Of Operation

. . . Priceline.com adds almost 1 million more unique customers in 4th quarter, bringing total customer base to nearly 4 million . . . Repeat business now accounts for 35% of all purchase offers . . . Airline ticket sales set new records, reaching single-week sales highs of 70,000 tickets . . . Company expects 4th quarter 1999 revenue to be approximately \$168 million . . . Company expects gross profit for 4th quarter to be approximately \$22.7 million

PHOENIX--(BUSINESS WIRE)--Jan. 5, 2000-- Priceline.com (Nasdaq: PCLN) announced today that it had achieved record metrics in the fourth quarter ended December 31, 1999, adding nearly 1 million unique customers and setting sales records for each of its product offerings, including the sale of more than 700,000 leisure airline tickets. With its most recent customer additions, priceline.com now has a base of 3.8 million unique customers.

In anticipation of statements made at an investor conference this morning, priceline.com also announced that it expects to report 4th quarter revenues of approximately \$168 million and 4th quarter gross profit of approximately \$22.7 million, excluding \$381 thousand of non-cash supplier warrant charges. Based on these estimated 4th quarter results, priceline.com said it expects to report revenues of approximately \$481 million and gross profit of approximately \$57.9 million, excluding \$1.5 million of non-cash supplier warrant charges, for the year ended December 31, 1999, the Company's first full year of operation. The Company noted that its expected gross margin in the 4th quarter of approximately 13.5% was the highest in priceline.com's history.

The Company also said that it expects that its operating loss in the 4th quarter, excluding non-cash charges related to issuance of warrants in the quarter to its airline partners and non-cash income related to the receipt of warrants to purchase common stock in the WebHouse Club, would be lower than the Company's operating loss for the 3rd quarter of 1999, continuing the Company's performance of reducing operating losses on a sequential quarterly basis.

"A review of the quarter shows that consumers visited priceline.com in record numbers during the fourth quarter to name their price for a variety of products," said Richard S. Braddock, priceline.com's chairman and CEO. "We expect to announce later this month that all of our product offerings achieved record 4th quarter and full-year results. Moreover, as we look forward to the 1st quarter of 2000, which we expect to be a very strong quarter for many of our services and one in which many of the initiatives begun in the 4th quarter will start to have an impact, we expect our growth to accelerate at an even faster pace."

During the 4th quarter, priceline.com added a record 972,000 unique customers (including the 80,000 unique customers who joined The WebHouse Club, a priceline.com licensee grocery service, during the quarter). In total, priceline.com now has 3.8 million unique customers. More than 3 million of those customers were added in 1999, while almost 2 million of them became priceline.com customers in the last 6 months.

Priceline.com's airline service led the quarterly record-setting pace, achieving peak 70,000-ticket weeks. In total, the airline service sold a record 700,000-plus leisure airline tickets during the 4th quarter, an increase of 918% over the 4th quarter 1998 and 12% over the 3rd quarter 1999. Priceline.com believes that it now accounts for approximately 3% of all the leisure airline tickets sold in the U.S. All eight major full-service U.S. airlines participate in priceline.com, including American Airlines, America West, Continental Airlines, Delta Air Lines, Northwest Airlines, TWA, United Airlines and US Airways. In addition, more than 20 major international airlines participate in the priceline.com airline service. Since American, United and US Airways agreed to join priceline.com mid-way through the 4th quarter, the full benefit of their participation will not be felt until the first quarter of 2000.

Usage of priceline.com by its customers also reached record levels during the quarter. Priceline.com customers made approximately 1.4 million unique purchase offers during the 4th quarter of 1999 (excluding 235,000 unique offers submitted by WebHouse club customers during the quarter). Repeat usage now accounts for 35% of all offers (38% including offers from WebHouse Club customers).

Customer satisfaction with priceline.com also reached an all-time high in the 4th quarter. In an independent survey of priceline.com customers conducted by researchers Schroth & Associates, 94% of the respondents said they would recommend priceline.com to friends and relatives. 65% of priceline.com customers said they saved "a lot" of money using the service. And

96% of the customers surveyed said they would now be interested to try priceline.com's other services for hotel rooms, new cars, mortgages and groceries.

About priceline.com

Priceline.com is the patented Internet pricing system that enables consumers to achieve significant savings by using their personal brand flexibility as a way to get goods and services at well below publicly advertised prices. Priceline.com takes consumers' price requests and then presents them to participating sellers, who can fill as much of that guaranteed demand as they wish at price points determined by the buyers. Priceline.com's "virtual" business model allows for rapid scaling using the Internet. Because the Company electronically collects consumer demand, it can fill this demand directly with sellers or by using proprietary databases.

This press release may contain forward-looking statements which are made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Expressions of future goals and similar expressions including, without limitation, "may," "will," "believes," "should," "could," "hope," "expects," "expected," "does not currently expect," "anticipates," "predicts," "potential," and "forecast," reflecting something other than historical fact are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. These forward-looking statements involve a number of risks and uncertainties, including the timely development and market acceptance of products and technologies and other factors described in the Company's filing with the Securities and Exchange Commission. The actual results may differ materially from any forward-looking statements due to such risks and uncertainties. The Company undertakes no obligations to revise or update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this release.

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