AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER 23, 1998

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PRICELINE.COM INCORPORATED
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	4541	06-1528493
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

FIVE HIGH RIDGE PARK
STAMFORD, CONNECTICUT 06905
(203) 705-3000
(Address, Including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

MELISSA M. TAUB, ESQ.
SENIOR VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
PRICELINE.COM INCORPORATED
FIVE HIGH RIDGE PARK
STAMFORD, CONNECTICUT 06905
(203) 705-3000
(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent For Service)

COPIES TO:

PATRICIA MORAN CHUFF, ESQ.	ALAN DEAN, ESQ.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP	DAVIS POLK & WARDWELL
ONE RODNEY SQUARE	450 LEXINGTON AVENUE
WILMINGTON, DELAWARE 19801	NEW YORK, NEW YORK 10017
(302) 651-3000	(212) 450-4000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. / /

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement number for the same offering. / / _____

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / / _____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / / _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Common Stock, par value $0.01 per share.....	$115,000,000	$31,970

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL

FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

PROSPECTUS (SUBJECT TO COMPLETION)
ISSUED DECEMBER 23, 1998

SHARES
PRICELINE.COM INCORPORATED
COMMON STOCK

PRICELINE.COM INCORPORATED IS OFFERING SHARES OF ITS COMMON STOCK. THIS IS OUR INITIAL PUBLIC OFFERING AND NO PUBLIC MARKET CURRENTLY EXISTS FOR OUR SHARES. WE ANTICIPATE THAT THE INITIAL PUBLIC OFFERING PRICE WILL BE BETWEEN $ AND $ PER SHARE.

PRICELINE.COM INCORPORATED INTENDS TO APPLY FOR QUOTATION OF THE COMMON STOCK ON THE NASDAQ NATIONAL MARKET UNDER THE SYMBOL "PRLN."

INVESTING IN THE COMMON STOCK INVOLVES RISKS.
SEE "RISK FACTORS" BEGINNING ON PAGE 2.

PRICE $ A SHARE

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS	PROCEEDS TO COMPANY
PER SHARE	$	$	$
TOTAL	$	$	$

THE SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES REGULATORS HAVE NOT APPROVED OR DISAPPROVED THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICELINE.COM INCORPORATED HAS GRANTED THE UNDERWRITERS THE RIGHT TO PURCHASE UP TO AN ADDITIONAL SHARES OF COMMON STOCK TO COVER OVER-ALLOTMENTS. MORGAN STANLEY & CO. INCORPORATED EXPECTS TO DELIVER THE SHARES OF COMMON STOCK TO PURCHASERS ON , 1999.

MORGAN STANLEY DEAN WITTER

BANCBOSTON ROBERTSON STEPHENS

DONALDSON, LUFKIN & JENRETTE

MERRILL LYNCH & CO.

, 1999

[PHOTOS]

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Our principal executive offices are located at Five High Ridge Park, Stamford, Connecticut 06905, and our telephone number is (203) 705-3000. Our World Wide Web site is www.priceline.com. The information in the Web site is not incorporated by reference into this Prospectus.

In this Prospectus, the terms "Company," "priceline.com," "we," "us" and "our" refer to priceline.com Incorporated and "Common Stock" refers to the common stock, par value $.01 per share, of the Company. Our financial statements for all relevant periods are presented on a combined basis with the financial statements of Priceline Travel, Inc., a separate company owned by Mr. Jay S. Walker, our Founder and Vice Chairman. Priceline Travel owns our travel agency license and will be merged with the Company prior to the consummation of this offering.

This Prospectus includes statistical data regarding our company, the Internet and the industries in which we compete. Such data are based on our records or are taken or derived from information published or prepared by various sources, including International Data Corporation, a provider of market and strategic information for the information technology industry, and the Opinion Research Corporation, a market research organization which we retain to measure consumer awareness of our brand and services and of other leading Internet brands and their products.

You should rely only on the information contained in this Prospectus. We have not authorized anyone to provide you with information different from that which is contained in this Prospectus. We are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or of any sale of the common stock.

Until , 1999 (25 days after the date of this Prospectus), all dealers that buy, sell or trade in our Common Stock, whether or not participating in this offering, may be required to deliver a Prospectus. This delivery requirement is in addition to the dealers' obligation to deliver a Prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

YOU SHOULD READ THIS SUMMARY TOGETHER WITH THE MORE DETAILED INFORMATION AND COMBINED FINANCIAL STATEMENTS AND RELATED NOTES THERETO APPEARING ELSEWHERE IN THIS PROSPECTUS, INCLUDING THE INFORMATION UNDER "RISK FACTORS." UNLESS OTHERWISE INDICATED, ALL INFORMATION IN THIS PROSPECTUS (I) REFLECTS THE CONVERSION OF ALL OUTSTANDING SHARES OF OUR CONVERTIBLE PREFERRED STOCK INTO 31,126,184 SHARES OF COMMON STOCK UPON THE CONSUMMATION OF THIS OFFERING; (II) REFLECTS THE CONSUMMATION OF THE MERGER BETWEEN PRICELINE.COM AND PRICELINE TRAVEL, INC. PRIOR TO THE CONSUMMATION OF THIS OFFERING; AND (III) ASSUMES THAT THE UNDERWRITERS' OVER-ALLOTMENT OPTION WILL NOT BE EXERCISED. SEE "DESCRIPTION OF CAPITAL STOCK" AND "UNDERWRITERS."

THE COMPANY

Priceline.com has pioneered a unique new type of e-commerce known as a "demand collection system" that enables consumers to use the Internet to save money on a wide range of products and services while enabling sellers to generate incremental revenue. Using a simple and compelling consumer proposition--"name your price," we collect consumer demand (in the form of individual customer offers guaranteed by a credit card) for a particular product or service at a price set by the customer and communicate that demand directly to participating sellers or to their private databases. Consumers agree to hold their offers open for a specified period of time to enable priceline.com to fulfill their offers from inventory provided by participating sellers. Once fulfilled, offers generally cannot be canceled. By requiring consumers to be flexible with respect to brands, sellers and/or product features, we enable sellers to generate incremental revenue without disrupting their existing distribution channels or retail pricing structures. We commenced the priceline.com service on April 6, 1998 with the sale of leisure airline tickets and, during the period from launch through September 30, 1998, collected guaranteed offers for approximately 1.1 million airline tickets, representing approximately $243.9 million in total consumer demand, resulting in sales of approximately 67,275 airline tickets, representing approximately $15.5 million in revenue. We expanded the priceline.com service to include the sale of new automobiles, on a test basis, in July 1998 and hotel room reservations in October 1998. During the first quarter of 1999, we expect to offer home mortgages. We also intend to expand our product offerings over the next two years to include other leisure travel products, other financial services products and certain retail products.

Our seller participants include 16 domestic and international airlines and several nationally recognized hotel chains. We believe that the priceline.com service already has achieved significant consumer acceptance and widespread brand awareness. An independent research study conducted for us found that, among adult Americans, the priceline.com "name your price" business proposition was the second most recognized e-commerce brand among the 13 leading brands included in the survey.

THE OFFERING

Common Stock offered	
U.S. offering	shares
International offering	shares
Total	shares
Common Stock to be outstanding after the offering	shares(1)
Use of proceeds	For general corporate purposes, including capital expenditures and working capital. See "Use of Proceeds."
Proposed Nasdaq National Market symbol	PRLN

SUMMARY COMBINED FINANCIAL INFORMATION

	NINE MONTHS ENDED SEPTEMBER 30, 1998	JULY 18, 1997 (INCEPTION) TO DECEMBER 31, 1997
COMBINED STATEMENT OF OPERATIONS DATA:		
Revenues	$16,243,733	$ --
Cost of revenues	16,793,797	--
Gross profit (loss)	(550,064)	--
Expenses:		
Sales and marketing	15,925,101	441,479
General and adminstrative	14,198,661	1,011,600
Systems and business development	8,168,984	1,060,091
Total expenses	38,292,746	2,513,170
Operating loss	(38,842,810)	(2,513,170)
Interest income (expense), net	304,259	(312)
Net income (loss)	$(38,538,551)	$(2,513,482)
Net loss per common share	$ (0.62)	$ (0.06)
Weighted average common shares outstanding	61,767,845	40,667,005

	AS OF SEPTEMBER 30, 1998		
	ACTUAL	PRO FORMA(2)	PRO FORMA AS ADJUSTED(2)
COMBINED BALANCE SHEET DATA:			
Cash and cash equivalents	$10,081,313	$65,431,313	
Working capital	8,514,760	63,864,760	
Total assets	19,680,716	75,030,716	
Total liabilities	6,527,682	6,527,682	
Total stockholders' equity	13,153,034	68,503,034	

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(1) Excludes (i) 17,419,375 shares of Common Stock issuable upon the exercise of options outstanding as of December 23, 1998, with a weighted average exercise price of $1.07 per share; (ii) 9,180,625 additional shares of Common Stock available for future issuance under our stock option plans; (iii) 15,264,083 shares of Common Stock subject to outstanding warrants; and (iv) any shares that may be issued pursuant to the exercise of the Underwriters' over-allotment option. See "Capitalization, "Management -- Employee Benefit Plans" and Notes 7 and 8 of Notes to Combined Financial Statements.

(2) For a description of the assumptions reflected in the Pro Forma and Pro Forma As Adjusted presentations, see "Capitalization."

RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS BEFORE MAKING AN INVESTMENT DECISION. THE RISKS DESCRIBED BELOW ARE NOT THE ONLY ONES THAT WE FACE. ADDITIONAL RISKS THAT ARE NOT YET KNOWN TO US OR THAT WE CURRENTLY THINK ARE IMMATERIAL COULD ALSO IMPAIR OUR BUSINESS, OPERATING RESULTS OR FINANCIAL CONDITION. THE TRADING PRICE OF OUR COMMON STOCK COULD DECLINE DUE TO ANY OF THESE RISKS, AND YOU COULD LOSE ALL OR PART OF YOUR INVESTMENT. YOU ALSO SHOULD REFER TO THE OTHER INFORMATION SET FORTH IN THIS PROSPECTUS, INCLUDING OUR COMBINED FINANCIAL STATEMENTS AND THE RELATED NOTES THERETO.

THIS PROSPECTUS CONTAINS FORWARD-LOOKING STATEMENTS. THESE STATEMENTS RELATE TO FUTURE EVENTS OR FUTURE FINANCIAL PERFORMANCE. IN SOME CASES, YOU CAN IDENTIFY FORWARD-LOOKING STATEMENTS BY TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "COULD," "EXPECTS," "PLANS," "ANTICIPATES," "BELIEVES," "ESTIMATES," "PREDICTS," "POTENTIAL," OR "CONTINUE" OR THE NEGATIVE OF SUCH TERMS AND OTHER COMPARABLE TERMINOLOGY. THESE STATEMENTS ARE ONLY PREDICTIONS. IN EVALUATING THESE STATEMENTS, YOU SHOULD SPECIFICALLY CONSIDER VARIOUS FACTORS, INCLUDING THE RISKS OUTLINED BELOW. THESE FACTORS MAY CAUSE OUR ACTUAL RESULTS TO DIFFER MATERIALLY FROM ANY FORWARD LOOKING STATEMENT. SEE "SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS."

LIMITED OPERATING HISTORY

Priceline.com was formed in July 1997 and began operations on April 6, 1998. As a result, we have only a limited operating history on which you can base an evaluation of our business and prospects. Our prospects must be considered in the light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in their early stages of development, particularly companies in new and rapidly evolving markets, such as online commerce, using new and unproven business models. To address these risks and uncertainties, we must, among other things:

- attract and retain leading sellers as participants in the priceline.com service;
- attract consumers to use the priceline.com service;
- maintain and enhance our brand;
- continue to expand our product and service offerings;
- implement and execute our business and marketing strategy successfully;
- respond to competitive developments;
- attract, integrate, retain and motivate qualified personnel;
- continue to develop and upgrade our technology and information-processing systems;
- continue to enhance our service to meet the needs of a changing market; and
- provide superior customer service.

We may not be successful in accomplishing these objectives.

HISTORY OF LOSSES AND ANTICIPATED CONTINUING LOSSES

We have incurred net losses of $41.1 million during the period from July 18, 1997 (inception) through September 30, 1998. We have not achieved profitability and expect to continue to incur losses for the foreseeable future. The following costs have been, and are likely to continue to be, the principal causes of our losses:

- brand development, marketing and promotion costs;
- start-up costs, such as the costs of establishing our facilities, building our infrastructure and employing personnel; and
- costs of developing the technology and systems used for the priceline.com service.

Almost all of our revenues to date have been derived from airline ticket sales and related adaptive marketing programs. In order to increase revenues, build a record of successful transactions and enhance the priceline.com brand, we have sold a substantial portion of our airline tickets below cost. In addition, as our business model evolves, we expect to introduce a number of new products and services. With respect to both current and future product and service offerings, we plan to continue to significantly increase our operating expenses in order to increase our customer base, enhance our brand image and support our growing infrastructure. For us to make a profit, our revenues and gross profit margins will need to increase sufficiently to cover these and other future costs. To do so, we will need to:

- increase the volume and breadth of products and services offered through the priceline.com service by attracting new seller participants and expanding the products and services offered by existing seller participants;

- improve our gross margins;

- maintain and increase the revenues generated by adaptive marketing programs;

- attract more consumers to the priceline.com service; and

- increase the percentage of customer offers that are filled through the priceline.com service.

If we do not succeed in achieving these objectives, we may never make a profit.

DEPENDENCE ON ADAPTIVE MARKETING PROGRAMS

Our adaptive marketing programs permit consumers to increase the amount of their offers at no additional cost by participating in sponsor promotions during the process of making an offer through the priceline.com service. Currently, almost all of our adaptive marketing revenues are derived from fees paid by a third party credit card issuer for qualifying credit card applications submitted over the priceline.com service in connection with customer offers for airline tickets. We expect that revenues attributable to our adaptive marketing programs will increase significantly in future periods. Because the fees generated by our adaptive marketing program have high gross margins, adaptive marketing revenues have a disproportionate impact on our overall gross margin. We expect our overall gross margin to be positive in future periods and a substantial portion of our gross profit will be attributable to our adaptive marketing programs. A significant reduction in consumer acceptance of our adaptive marketing programs or any other material decline in such programs could result in a material reduction in our revenues and our gross profit. We may not be able to replace such revenues through other programs or through product sales.

POTENTIAL FLUCTUATIONS IN RESULTS OF OPERATIONS; DIFFICULTY IN PREDICTING RESULTS OF OPERATIONS

We expect our revenues and operating results to vary significantly from quarter to quarter. As a result, quarter to quarter comparisons of our revenues and operating results may not be meaningful. In addition, due to our limited operating history and our new and unproven business model, we cannot predict our future revenues or results of operations accurately. It is likely that in one or more future quarters our operating results will fall below the expectations of securities analysts and investors. If this happens, the trading price of our Common Stock would almost certainly be materially and adversely affected.

Factors that may cause our results of operations to vary from quarter to quarter include:

- consumers' and sellers' use of the priceline.com service;

- our ability to attract new sellers of products and services to participate in the priceline.com service;

- our ability to expand the products and services offered;

- the fulfillment rate of customers' offers;

- the results of our adaptive marketing programs;

- the announcement or introduction of new sites, services and products by our competitors;

- the success of our brand building and marketing campaigns;

- price competition in the sale of products and services offered over the priceline.com system;

- the level of consumer confidence in and acceptance of the Internet and other online services for commerce and, in particular, the online purchase of products and services such as those offered by the priceline.com service;

- our ability to upgrade and develop our systems and infrastructure to accommodate growth;

- our ability to attract new personnel in a timely and effective manner;

- the occurrence of technical difficulties or service interruptions;

- the amount and timing of operating costs and capital expenditures relating to expansion of our business, operations and infrastructure;

- changes in governmental regulation by federal or local governments; and

- general economic conditions and economic conditions specific to the Internet and online commerce industries, as well as the individual industries, for the products and services sold through the priceline.com system.

Our business has no backlog and almost all of our net revenues for a particular quarter are derived from transactions that are both initiated and completed during that quarter. Our current and future expense levels are based largely on our investment plans and estimates of future revenues and are, to a large extent, fixed. Accordingly, we may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall, and any significant shortfall in revenues relative to our planned expenditures could have an immediate adverse effect on our business and results of operations.

Our limited operating history and rapid growth makes it difficult for us to assess the impact of seasonal factors on our business. Nevertheless, we expect our business to be subject to seasonal fluctuations, reflecting a combination of seasonality trends for the products and services offered by the priceline.com service and seasonality patterns affecting Internet use. For example, with regard to our travel products, demand for leisure travel may increase over summer vacations and holiday periods, while Internet usage may decline during the summer months. Our results also may be affected by seasonal fluctuations in the inventory made available to the priceline.com service by participating sellers. Airlines, for example, typically enjoy high demand for tickets through traditional distribution channels for travel during Thanksgiving and the year-end holiday period. As a result, during those periods, airlines may have less excess inventory to offer through the priceline.com service at discounted prices. Our business also may be subject to cyclical variations for the products and services offered; for example, leisure travel tends to decrease in economic downturns. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

DEPENDENCE ON AIRLINE INDUSTRY AND CERTAIN CARRIERS

Our near term, and possibly long term, prospects are significantly dependent upon our sale of leisure airline tickets. Sales of leisure airline tickets and revenues derived from related adaptive marketing programs represented essentially all of our revenues for the nine months ended September 30, 1998. Leisure travel, including the sale of leisure airline tickets, is dependent on personal discretionary spending levels. As a result, sales of leisure airline tickets and other leisure travel products tend to decline during general economic downturns and recessions. Unforeseen events, such as political instability, regional hostilities, increases in fuel prices, travel-related accidents and unusual weather patterns also may adversely affect the leisure travel industry. As a result, our business also is likely to be affected by those events. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Sales of airline tickets from the Company's two largest airline suppliers accounted for approximately 88% of airline ticket revenue for the nine months ended September 30, 1998. As a result, currently we are

substantially dependent upon the continued participation of these two airlines in the priceline.com service in order to maintain and continue to grow our total airline ticket revenues. Significantly reducing our dependence on the airline and travel industries is likely to take a long time and there can be no guarantee that we will succeed in reducing that dependence.

We currently have agreements with 16 airlines for the supply of airline tickets. However, these agreements:

- do not require the airlines to make tickets available for any particular routes;

- do not require the airlines to provide any specific quantity of airline tickets;

- do not require the airlines to provide particular prices or levels of discount;

- do not require the airlines to deal exclusively with us in the public sale of discounted airline tickets; and

- generally, can be terminated upon relatively short notice.

These agreements also outline the terms and conditions under which ticket inventory provided by the airlines may be sold. In addition, our agreement with Delta Air Lines requires (subject to certain exceptions) Delta's approval of the addition of new carriers to the priceline.com service and the routes for which tickets may be offered by new carriers through the priceline.com service. See "Business -- Strategic Alliances -- Airline Alliances and Relationships."

Due to our dependence on the airline industry, we could be severely affected by changes in that industry, and, in many cases, we will have no control over such changes or their timing. For example, if the Federal Aviation Administration grounded a popular aircraft model, excess seat capacity could be dramatically reduced, and as a result, our source of inventory could be significantly curtailed. In addition, given the concentration of the airline industry, particularly in the domestic market, major airlines that are not participating in the priceline.com service could exert pressure on other airlines not to supply us with tickets. Alternatively, the airlines could attempt to establish their own buyer-driven commerce service or other similar service to compete with us. We also could be materially adversely affected by the bankruptcy, insolvency or other material adverse change in the business or financial condition of one or more of our airline participants.

THE PRICELINE.COM BUSINESS MODEL IS NOVEL AND UNPROVEN

The priceline.com service is based on a novel and unproven business model. Prior to the launch of the priceline.com service, consumers and sellers had never bought and sold products and services through a demand collection system over the Internet. Therefore, it is impossible to predict the degree to which consumers and suppliers will use the priceline.com service. We will be successful only if consumers and sellers gain confidence in the priceline.com service.

Factors influencing consumers' confidence in the priceline.com service include:

- our ability to consistently fulfill offers (currently, less than 10% of all consumers' offers are fulfilled); and

- consumers' willingness (i) to be flexible about brands, product features and sellers in exchange for reduced prices; (ii) to guarantee offers with credit cards; and (iii) to conduct online commerce in general.

Factors influencing sellers' confidence in the priceline.com service include:

- the belief that the priceline.com service will enable them to generate incremental revenue without disrupting their existing distribution channels or retail pricing structures; and

- the availability of alternative methods to sell their excess inventory.

We have no control over many of these factors. For example, a labor dispute that disrupts airline service, or an airline accident, could make consumers unwilling to use a service like priceline.com that does not permit the customer to designate the airline on which the customer purchases a ticket. In addition, a breach of security on the Internet (even if we were not involved) could make consumers unwilling to guarantee orders online with a credit card. Consequently, it is possible that consumers and sellers will never gain sufficient confidence in the priceline.com service for us to achieve profitability.

RISKS ASSOCIATED WITH NEW SERVICES, FEATURES AND FUNCTIONS

An essential part of our growth strategy requires that new or complementary products and services and a broader range of existing products and services be available through the priceline.com service. We will incur substantial expenses and use significant resources in trying to expand the type and range of the products and services that we offer. However, we may not be able to attract sellers to provide such products and services or consumers to purchase such products and services through the priceline.com service. In addition, if we launch new products or services and they are not favorably received by consumers, our reputation and the value of the priceline.com brand could be damaged.

Almost all of our experience to date is in the travel industry. The travel industry is characterized by "expiring" inventories (I.E., if not used by a specific date, an airline ticket or hotel room reservation has no value). The expiring nature of the inventory creates incentives for airlines and hotels to sell seats or room reservations at reduced rates. Because we have only limited experience in selling "non-expiring" inventories on the priceline.com service (such as new cars or financial services), we cannot predict whether the priceline.com business model can be successfully applied to such products and services.

RISKS ASSOCIATED WITH BRAND DEVELOPMENT

We believe that broader recognition and a favorable consumer perception of the priceline.com brand are essential to our future success. Accordingly, we intend to continue to pursue an aggressive brand-enhancement strategy, which will include mass market and multimedia advertising, promotional programs and public relations activities. Successful positioning of the priceline.com brand will largely depend on:

- the success of our advertising and promotional efforts;

- an increase in the number of successful transactions on the priceline.com service; and

- the ability to continue to provide high quality customer service.

We believe that consumers currently associate the priceline.com brand primarily with the sale of discount airline tickets. To grow our business, we will need to expand awareness of the priceline.com brand to a wide range of products and services.

We spent approximately $15.9 million on sales and marketing during the nine months ended September 30, 1998. To increase awareness of the priceline.com brand and expand it to a wide range of products and services, we will need to continue to spend significant amounts on advertising and promotions. These expenditures may not result in a sufficient increase in revenues to cover such advertising and promotions expenses. In addition, even if brand recognition increases, the number of new users or the number of transactions on the priceline.com service may not increase. Also, even if the number of new users increases, those users may not use the priceline.com service on a regular basis. See "Business -- Marketing and Brand Awareness."

CONFLICTS OF INTEREST

The priceline.com service and the business model and related intellectual property rights underlying the priceline.com service were developed in part by executives, employees and/or consultants associated with Walker Digital Corporation, a technology research and development company that was founded and is controlled by Mr. Jay S. Walker, who is the Founder and Vice Chairman of priceline.com. Such individuals assigned all of their intellectual property rights relating to the priceline.com service to Walker

Digital's affiliate, Walker Asset Management Limited Partnership. Certain of our executive officers and other key employees also are directors, officers, employees or stockholders of Walker Digital and either own, or hold an option to purchase, equity securities of Walker Digital. Upon the consummation of this offering, Walker Digital also will own approximately % of our outstanding Common Stock. Conflicts of interest could potentially arise between us and Walker Digital.

POTENTIAL BUSINESS CONFLICTS

Walker Digital's affiliate, Walker Asset Management, subsequently transferred the issued and pending patents covering the priceline.com service and other related intellectual property rights to us. We, in turn, granted Walker Digital a perpetual, non-exclusive, royalty-free right and license to use certain intellectual property related to the priceline.com service for non-commercial internal research and development purposes. Walker Digital also provides us with, among other things, a right to purchase at fair market value any intellectual property that is in process or has been fully developed and that is owned and subsequently acquired, developed or discovered by Walker Digital or Walker Asset Management that will provide significant value in the use or commercial exploitation of the transferred intellectual property. Walker Digital also provides us with various services, including (i) research and development assistance; (ii) patent and other intellectual property services; and (iii) technical support. Walker Digital also subleases a portion of its Stamford, Connecticut facilities to us on a month-to-month basis.

Accordingly, conflicts of interest may arise from time to time between us and Walker Digital, particularly with respect to the purchase by us of additional intellectual property rights and certain corporate opportunities. We have not adopted any formal plan or arrangement to address such potential conflicts of interest and intend to review related party transactions with Walker Digital on a case-by-case basis. See "Certain Transactions," "Business -- Employees" and "Management."

MANAGEMENT CONFLICTS

Because we have interlocking directors and officers with Walker Digital, there may be inherent conflicts of interest when such directors and officers make decisions related to transactions between us and Walker Digital. We could lose valuable management input from such conflicted directors and officers.

Mr. Jay S. Walker, as the founder of Walker Digital and as our founder, has performed an essential role in the establishment and development of the priceline.com service. Mr. Walker also serves as Chairman of Walker Digital and as non-executive Chairman of NewSub Services, Inc., a direct marketing company also co-founded by him. Mr. Walker devotes (and expects to continue to devote) a substantial portion of his time to Walker Digital and a lesser portion of his time to NewSub Services. Mr. Walker has not committed to devote any specific percentage of his business time to us.

In July 1998, Mr. Richard S. Braddock replaced Mr. Walker as our Chairman and Chief Executive Officer. As a result, Mr. Walker's role with us has been reduced and we expect that Mr. Walker will continue to reduce his involvement with us over time. Mr. Walker's skills and experience have benefitted, and continue to benefit, us significantly. We could lose valuable management expertise as Mr. Walker further reduces his day-to-day involvement with us. See "Management."

MANAGEMENT OF POTENTIAL GROWTH

We have rapidly and significantly expanded our operations and anticipate that further expansion will be required to realize our growth strategy. Our rapid growth has placed significant demands on our management and other resources which, given our expected future growth rate, is likely to continue. To manage our future growth, we will need to attract, hire and retain highly skilled and motivated officers and employees and improve existing systems and/or implement new systems for: (i) transaction processing; (ii) operational and financial management; and (iii) training, integrating and managing our growing employee base. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

DEPENDENCE ON KEY PERSONNEL; NEED TO RECRUIT ADDITIONAL PERSONNEL

Since our formation in July 1997, we have expanded from 10 to 124 employees. We also have employed many key personnel over the past few months, including our Chief Executive Officer, and a number of key managerial, marketing, planning, financial, technical and operations personnel. We expect to continue to add additional key personnel in the near future. We do not have "key person" life insurance policies on any of our key personnel.

We believe our performance is substantially dependent on:

- the continued employment and performance of our senior management;

- our ability to retain and motivate our other officers and key employees; and

- our ability to identify, attract, hire, train, retain and motivate other highly skilled technical, managerial, marketing and customer service personnel.

Competition for personnel in our industry is intense. If we do not succeed in attracting new employees or retaining and motivating our current and future employees, our business could suffer significantly. See "Business -- Employees" and "Management."

RISK OF CAPACITY CONSTRAINTS AND SYSTEM FAILURES

We use internally developed systems to operate the priceline.com service, including transaction processing and order management systems that were designed to be scalable. However, if the number of users of the priceline.com service increases substantially, we will need to significantly expand and upgrade our technology, transaction processing systems and network infrastructure. We do not know whether we will be able to accurately project the rate or timing of any such increases, or expand and upgrade our systems and infrastructure to accommodate such increases in a timely manner.

Our ability to facilitate transactions successfully and provide high quality customer service also depends on the efficient and uninterrupted operation of our computer and communications hardware systems. The priceline.com service has experienced periodic system interruptions, which we believe will continue to occur from time to time. Our systems and operations also are vulnerable to damage or interruption from human error, natural disasters, power loss, telecommunication failures, break-ins, sabotage, computer viruses, intentional acts of vandalism and similar events. While we currently maintain redundant servers at our Stamford, Connecticut premises to provide limited service during system disruptions at our production site hosted by Exodus Communications, Inc., we do not have fully redundant systems, a formal disaster recovery plan or alternative providers of hosting services. In addition, we do not carry sufficient business interruption insurance to compensate for losses that could occur. Any system failure that causes an interruption in service or decreases the responsiveness of the priceline.com service could impair our reputation and damage our brand name.

If our systems fail to perform or we cannot expand our systems to cope with increased demand, we could experience:

- unanticipated disruptions in service;

- slower response times;

- decreased customer service and customer satisfaction; or

- delays in the introduction of new products and services;

any of which could impair our reputation and damage the priceline.com brand. See "Business -- Operations and Technology."

RELIANCE ON THIRD-PARTY SYSTEMS

We rely on certain third-party computer systems or third-party service providers, including:

- the computerized central reservation systems of the airline and hotel industries to satisfy demand for airline tickets and hotel room reservations;

- Exodus Communications to host our systems infrastructure, web and database servers; and

- CallTech Communications Incorporated to operate our call center.

We also expect to rely on the computer systems of LendingTree, Inc., to satisfy offers for home mortgages. Any interruption in these third-party services, or a deterioration in their performance, could be disruptive to our business. We currently do not have any contractual arrangement with Exodus Communications, and our agreements with CallTech Communications and LendingTree are terminable upon short notice. In the event our arrangement with any of such third parties is terminated, we may not be able to find an alternative source of systems support on a timely basis or on commercially reasonable terms. See "Business -- Products and Services."

INTENSE COMPETITION

The markets for the products and services offered on the priceline.com service are intensely competitive. We compete with both traditional distribution channels and online services.

We currently or potentially compete with a variety of companies with respect to each product or service we offer. With respect to travel products, these competitors include: (i) Internet travel agents such as Travelocity, Preview Travel and Microsoft's Expedia.com; (ii) traditional travel agencies; (iii) consolidators and wholesalers of airline tickets and other travel products; (iv) individual airlines, hotels, rental car companies, cruise operators and other travel service providers; and (v) operators of travel industry reservation databases such as Worldspan and Sabre. Our current or potential competitors with respect to new automobiles include traditional and online auto dealers, including newly developing auto superstores such as Auto Nation, Auto-by-Tel and Microsoft's CarPoint. With respect to financial service products, our competitors include: (i) banks and other financial institutions; and (ii) online and traditional mortgage and insurance brokers, including Quicken Mortgage, E-Loan and Home Shark.

We also potentially face competition from a number of large online services that have expertise in developing online commerce and in facilitating Internet traffic. These potential competitors include America Online, Microsoft and Yahoo!, who could choose to compete with us either directly or indirectly through affiliations with other e-commerce companies. Other large companies with strong brand recognition, technical expertise and experience in online commerce and direct marketing could also seek to compete in the buyer-driven commerce market. See "Business -- Competition."

Many of our competitors have significant competitive advantages. For example, airlines, hotels and other suppliers also sell their products and services directly to consumers and have established Web sites. Internet directories, search engines and large traditional retailers have significantly greater operating histories, customer bases, technical expertise, brand recognition and/or online commerce experience than us. In addition, certain competitors may be able to devote significantly greater resources than us to (i) marketing and promotional campaigns; (ii) attracting traffic to their Web sites; (iii) attracting and retaining key employees; and (iv) Web site and systems development. Increased competition could diminish our ability to become profitable or result in loss of market share and damage the priceline.com brand.

PROTECTION AND ENFORCEMENT OF OUR INTELLECTUAL PROPERTY RIGHTS

We have developed a comprehensive program for securing and protecting rights in patentable inventions, trademarks, trade secrets and copyrightable materials. We rely on United States and

international laws (where available and appropriate) to protect our patents, trademarks, trade secrets and copyrightable materials. In addition, we utilize nondisclosure and assignment agreements with employees, vendors, suppliers, contractors and outside developers to secure these same intellectual property rights.

PATENTS

We currently hold one issued United States patent covering our core buyer-driven commerce business system and one issued United States patent directed to a method and system for pricing and selling airline ticket options. In addition, we have pending seventeen United States and international patent applications directed to different aspects of our technology and business processes. We also have instituted an invention development program to identify and protect new inventions and a program for international filing of selected patent applications. It is possible, however, that:

- our core buyer-driven commerce business patent and the other issued patent could be successfully challenged by one or more third parties, which could result in our loss of the right to prevent others from exploiting the buyer-driven commerce system claimed in the patent or the inventions claimed in any other issued patents;

- our pending patent applications may not result in the issuance of patents; and

- current and future competitors could devise new methods of competing with our business that are not covered by our issued patent or patent applications.

We have received verbal notice of a third party's intent to file with the United States Patent and Trademark Office a request to declare an "interference" with our core buyer-driven commerce business patent. An interference is requested when a patent applicant asserts that he or she is a prior inventor of the subject matter covered by one or more claims in a third party issued patent or pending application. A successful interference action could prohibit the original patent holder from exploiting the invention entirely.

We received notice of the potential interference from the holder of two related United States patent applications, one of which has since been issued as a patent. We are currently awaiting information from the Patent and Trademark Office regarding the status of the interference request. We have reviewed, with outside intellectual property counsel, a published international patent application based on the two United States patent applications and believe that there is no reasonable basis for the United States Patent and Trademark Office to declare an interference action, and, if an interference is declared, that there is no reasonable basis to resolve such interference adversely. However, if an interference action is declared, the patent office could then seek to determine whether one or more of our patent claims were invalid. If an interference is subsequently resolved in a manner adverse to us, such declaration or resolution could prevent us from exploiting our business model through the priceline.com service or require us to obtain licenses from one or more other patent holders at a cost which may adversely affect our business. In addition, the Company has recently learned of an Internet travel service that uses a customer-offer based transaction model.

TRADEMARKS, COPYRIGHTS AND TRADE SECRETS

We regard the protection of our copyrights, service marks, trademarks, trade dress and trade secrets as critical to our future success. We rely on a combination of laws and contractual restrictions (such as confidentiality agreements) to establish and protect our proprietary rights. However, laws and contractual restrictions may not be sufficient to prevent misappropriation of our technology or deter others from developing similar technologies. We also attempt to register our trademarks and service marks in the United States and internationally. However, effective trademark, service mark, copyright and trade secret protection may not be available in every country in which our services are made available online.

DOMAIN NAMES

We currently hold the Internet domain name "priceline.com," as well as various other related names. Domain names generally are regulated by Internet regulatory bodies. The regulation of domain names in the United States and in foreign countries is subject to change. Regulatory bodies could establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, we may not acquire or maintain the "priceline.com" domain name in all of the countries in which we conduct business.

The relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is unclear. Therefore, we could be unable to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our trademarks and other proprietary rights. See "Business -- Intellectual Property and Proprietary Rights."

LICENSES

In the future, we may license portions of our intellectual property, including our issued patents, to third parties. To date, we have granted a small business providing online travel services immunity from suit under our core buyer-driven commerce business patent, on the condition that the nature and scope of such business is not significantly changed. If the nature or scope of such immunity were disputed, we would need to institute proceedings to enforce our rights either under the immunity agreement or under the patent.

DEPENDENCE ON CONTINUED GROWTH OF ONLINE COMMERCE AND INTERNET INFRASTRUCTURE

The market for the purchase of products and services over the Internet is a new and emerging market. Our future revenues and profits are substantially dependent upon the widespread acceptance and use of the Internet and other online services as a medium for commerce by consumers and sellers. Rapid growth in the use of and interest in the Internet and other online services is a recent phenomenon. This growth may not continue. A sufficiently broad base of consumers may not adopt, or continue to use, the Internet as a medium of commerce. Demand for and market acceptance of recently introduced products and services over the Internet are subject to a high level of uncertainty, and there are few proven products and services. For us to grow, consumers who have historically used traditional means of commerce will instead need to elect to purchase products and services online, and sellers of products and services will need to adopt or expand use of the Internet as a channel of distribution.

The Internet has experienced, and is expected to continue to experience, significant growth in the number of users and amount of traffic. Our success will depend upon the development and maintenance of the Internet's infrastructure to cope with this increased traffic. This will require a reliable network backbone with the necessary speed, data capacity and security, and the timely development of complementary products, such as high-speed modems, for providing reliable Internet access and services.

The Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure and could face such outages and delays in the future. See "-- Year 2000 Risks." Outages and delays are likely to affect the level of Internet usage and the processing of transactions on the priceline.com Web site. It is unlikely that the level of orders lost in those circumstances could be made up by increased phone orders. In addition, the Internet could lose its viability due to delays in the development or adoption of new standards to handle increased levels of activity or due to increased government regulation. The adoption of new standards or government regulation may, however, require us to incur substantial compliance costs.

RAPID TECHNOLOGICAL CHANGE

The market in which we compete is characterized by rapidly changing technology, evolving industry standards, frequent new service and product announcements, introductions and enhancements and

changing consumer demands. These market characteristics are heightened by the emerging nature of the Internet and the apparent need of companies from many industries to offer Internet-based products and services. As a result, our future success will depend on our ability to adapt to rapidly changing technologies, to adapt our services to evolving industry standards and to continually improve the performance, features and reliability of our service in response to competitive service and product offerings and the evolving demands of the marketplace. In addition, the widespread adoption of new Internet, networking or telecommunications technologies or other technological changes could require us to incur substantial expenditures to modify or adapt our services or infrastructure.

YEAR 2000 RISKS

The risks posed by Year 2000 issues could adversely affect our business in a number of significant ways. Although we believe that our internally developed systems and technology are Year 2000 compliant, our information technology system nevertheless could be substantially impaired or cease to operate due to Year 2000 problems. Additionally, we rely on information technology supplied by third parties, and our participating sellers are also heavily dependent on information technology systems and on their own third party vendors' systems. Year 2000 problems experienced by us or any of such third parties could materially adversely affect our business. Additionally, the Internet could face serious disruptions arising from the Year 2000 problem.

We are evaluating our internal information technology systems and contacting our information technology suppliers and participating sellers to ascertain their Year 2000 status. However, we cannot guarantee that our own systems will be Year 2000 compliant in a timely manner, that any of our participating sellers or other Web site vendors will be Year 2000 compliant in a timely manner, or that there will not be significant interoperability problems among information technology systems. We also cannot guarantee that consumers will be able to visit our Web site without serious disruptions arising from the Year 2000 problem. Given the pervasive nature of the Year 2000 problem, we cannot guarantee that disruptions in other industries and market segments will not adversely affect our business. Moreover, the costs related to Year 2000 compliance could be significant.

ONLINE COMMERCE SECURITY RISKS

The secure transmission of confidential information over the Internet is essential in maintaining consumer and supplier confidence in the priceline.com service. We currently require buyers to guarantee their offers with their credit card (either online or through our toll-free telephone service). We rely on licensed encryption and authentication technology to effect secure transmission of confidential information, including credit card numbers. It is possible that advances in computer capabilities, new discoveries or other developments could result in a compromise or breach of the technology used by us to protect customer transaction data.

We incur substantial expense to protect against and remedy security breaches (and their consequences). A party that is able to circumvent our security systems could steal proprietary information or cause interruptions in our operations. Security breaches also could damage our reputation and expose us to a risk of loss or litigation and possible liability. Our insurance policies carry low coverage limits, which may not be adequate to reimburse us for losses caused by security breaches. We cannot guarantee that our security measures will prevent security breaches. See "Business -- Operations and Technology."

We also face risks associated with security breaches affecting third parties conducting business over the Internet. Consumers generally are concerned with security and privacy on the Internet and any publicized security problems could inhibit the growth of the Internet (and, therefore, the priceline.com service) as a means of conducting commercial transactions.

NO PRIOR MARKET FOR COMMON STOCK; POSSIBLE VOLATILITY OF STOCK PRICE

Prior to this offering, you could not buy or sell our Common Stock publicly. An active public market for our Common Stock may not develop or be sustained after this offering. Although the initial public offering price was determined based on several factors, the market price after the offering may vary from the initial offering price. The market price of our Common Stock is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as the following, some of which are beyond our control:

- quarterly variations in our operating results;
- operating results that vary from the expectations of securities analysis and investors;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;
- changes in market valuations of other Internet or online service companies;
- announcements of technological innovations or new services by us or our competitors;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- loss of a major seller participant (such as an airline or hotel chain);
- additions or departures of key personnel;
- future sales of our Common Stock; and
- stock market price and volume fluctuations.

Domestic and international stock markets often experience extreme price and volume fluctuations. Market fluctuations, as well as general political and economic conditions, such as a recession or interest rate or currency rate fluctuations, could adversely affect the market price of our Common Stock.

The market prices for stocks of Internet-related and technology companies, particularly following an initial public offering, frequently reach levels that bear no relationship to the operating performance of such companies. Such market prices generally are not sustainable and are subject to wide variations. If our Common Stock trades to such levels following this offering, it likely will thereafter experience a material decline.

In the past, securities class action litigation has often been brought against a company following periods of volatility in the market price of our securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and divert management's attention and resources.

GOVERNMENTAL REGULATION AND LEGAL UNCERTAINTIES

The products and services we offer through the priceline.com service are regulated by federal and state governments. Our ability to provide such services is and will continue to be affected by such regulations.

TRAVEL SERVICES

We are subject to the laws and regulations of a number of states governing the offer and/or sale of travel services. For example, Priceline Travel, Inc. is registered as a "seller of travel" under the California Seller of Travel Act and is a member of the Airline Reporting Corporation. Priceline.com also will be making similar filings for registration and membership prior to consummation of this offering. In addition, a number of state travel laws and regulations require compliance with specific disclosure, bond and/or

other requirements. All travel registrations are presently held by Priceline Travel. To the extent that such registrations can be transferred by merger, we intend to succeed to all such registrations by merging with Priceline Travel prior to the consummation of this offering. We expect to obtain all other required travel related registrations prior to the consummation of this offering.

NEW CAR SALES

A number of states have laws and regulations governing the registration and conduct of automobile dealers and brokers. Such laws generally provide that any person receiving direct or indirect compensation for selling automobiles or brokering automobile transactions must register as an automobile broker or dealer. Registration for automobile dealers/brokers may, among other things, require the registrant to maintain a physical office in the applicable state, a dealer lot zoned for automobile sales within the applicable state, and/or a franchise agreement with the manufacturers of the automobiles to be sold. We believe that we are not subject to such automobile dealer/broker laws because we are a car buying service, and not a seller or broker of automobiles, operating on behalf of customers and participating dealers.

It is uncertain how automobile dealer and broker laws apply to the provision of automobile selling services offered through the Internet. We have been orally advised by representatives of a number of states that no enforcement action will be initiated against Internet companies generally for non-compliance with such laws until clearer regulatory or legislative guidance is provided.

It is possible, however, that state regulatory bodies could take the view that we are subject to automobile broker and dealer laws, in which case they could attempt to require us to register as an automobile broker/ dealer in the applicable states. Given the nature of our business, any requirement to register under such laws could severely interfere with the conduct of our business.

HOME MORTGAGES

Most states have laws and regulations governing the registration or licensing and conduct of persons providing mortgage brokerage services. Such laws and regulations also typically require certain consumer protection disclosures and compliance with loan solicitation procedures and a variety of other practices, throughout the various stages of the mortgage solicitation, application and approval process.

In addition to state law, mortgage brokerage services are heavily regulated by federal law. For example, the Real Estate Settlement Procedures Act ("RESPA"), prohibits the payment and receipt of mortgage loan referral fees. RESPA, however, does permit persons to be compensated for the fair market value of non-referral services actually rendered.

We expect to introduce our home mortgage service in the first quarter of 1999. LendingTree will serve as the mortgage broker and will provide all mortgage brokerage services. We will provide and maintain the home mortgage service on our Web site and will develop and purchase all advertising. LendingTree will compensate us for the fair market value of our non-referral services. We believe that offering the home mortgage service does not require our registration under or compliance with the mortgage or similar brokerage laws of any jurisdiction. However, it is possible that one or more regulatory authorities could seek to enforce existing laws, or otherwise enact new legislation, requiring our registration and compliance and could scrutinize our compensation arrangement with LendingTree under RESPA or other federal or state laws. Such action could severely interfere with the conduct of our business.

LendingTree will provide the mortgage brokerage services offered through the home mortgage service on our Web site and will maintain the necessary and appropriate state registrations and licenses associated with LendingTree's provision of those mortgage brokerage services. If a state or federal regulatory authority, or an aggrieved customer, should in the future claim that LendingTree has failed to comply fully with applicable state or federal law requirements pertaining to LendingTree's provision of mortgage brokerage services, our home mortgage service could be materially and adversely affected and we may be unable to continue to make our home mortgage service available.

CONSUMER PROTECTION AND RELATED LAWS

All of our services are subject to federal and state consumer protection laws and regulations prohibiting unfair and deceptive trade practices. We are also subject to related "plain language" statutes in place in many jurisdictions, which require the use of simple, easy to read, terms and conditions in contracts with consumers.

Although there are very few laws and regulations directly applicable to the protection of consumers in an online environment, it is possible that legislation will be enacted in this area and could cover such topics as permissible online content and user privacy (including the collection, use, retention and transmission of personal information provided by an online user). Furthermore, the growth and demand for online commerce could result in more stringent consumer protection laws that impose additional compliance burdens on online companies. Such consumer protection laws could result in substantial compliance costs and interfere with the conduct of our business.

BUSINESS QUALIFICATION LAWS

Because our service is available over the Internet in multiple states, and because we sell to numerous consumers resident in such states, such jurisdictions may claim that we are required to qualify to do business as a foreign corporation in each such state. We are qualified to do business in a limited number of states, and our failure to qualify as a foreign corporation in a jurisdiction where we are required to do so could subject us to taxes and penalties for the failure to so qualify.

INTERNATIONAL EXPANSION

We intend to explore opportunities for expanding our business into international markets. It is possible, however, that the priceline.com demand collection system will not be readily adaptable to the regulatory environments of certain foreign jurisdictions. In addition, there are various other risks associated with international expansion. They include language barriers, unexpected changes in regulatory requirements, trade barriers, problems in staffing and operating foreign operations, changes in currency exchange rates, difficulties in enforcing contracts and other legal rights, economic and political instability and problems in collection.

TAX UNCERTAINTIES

POTENTIAL FEDERAL AIR TRANSPORTATION TAX LIABILITY

Currently, a federal air transportation tax is imposed upon the sale of airline tickets and generally is collected by the airlines selling the tickets. The tax is based upon a percentage of the cost of transportation, which was 9% for periods prior to October 1, 1998 and 8% thereafter. Because of the unique pricing structures employed in the priceline.com service (I.E., the amount paid by the customer for a ticket being different than the amount charged by the airline for the same ticket with the excess payment, if any, going to us as a charge for the use of our proprietary business method), it is not clear how this federal tax should be calculated when sales occur using the priceline.com service. We have been calculating this tax based on the price charged by the airline for a ticket, rather than the price paid by the customer. There is a possibility that current law requires computation of the tax based on the price paid by the customer to us. Due to the uncertainty of how the federal air transportation tax applies to sales of airline tickets using the priceline.com service, we have submitted a written request to the United States Internal Revenue Service seeking a determination of our federal air transportation tax obligations. Such determination may not be favorable and may require us to collect the federal air transportation tax on the total amount paid by consumers for air travel.

We potentially owe approximately $56,000 in additional taxes relating to our method of calculating the tax. We have accrued for such potential liability in our combined balance sheet as of September 30, 1998 and are providing for such potential liability on an ongoing basis. We have agreed to indemnify and hold

harmless certain of our participating airlines from any liability with respect to such taxes as well as to secure the payment of such taxes by a letter of credit.

STATE TAXES

We file tax returns in such states as required by law based on principles applicable to traditional businesses. In addition, we do not collect sales or other similar taxes in respect of transactions conducted through the priceline.com service (other than the federal air transportation tax referred to above). However, one or more states could seek to impose additional income tax obligations or sales tax collection obligations on out-of-state companies, such as ours, which engage in or facilitate online commerce. A number of proposals have been made at state and local levels that could impose such taxes on the sale of products and services through the Internet or the income derived from such sales. Such proposals, if adopted, could substantially impair the growth of e-commerce and adversely affect our opportunity to become profitable.

Legislation limiting the ability of the states to impose taxes on Internet-based transactions recently has been enacted by the United States Congress. However, this legislation, known as the Internet Tax Freedom Act, imposes only a three-year moratorium (commencing October 1, 1998 and ending on October 21, 2001) on state and local taxes on (i) electronic commerce where such taxes are discriminatory and (ii) Internet access unless such taxes were generally imposed and actually enforced prior to October 1, 1998. Currently, we do not pay any such taxes. It is possible that the tax moratorium could fail to be renewed prior to October 21, 2001. Failure to renew this legislation would allow various states to impose taxes on Internet-based commerce. The imposition of such taxes could adversely affect our ability to become profitable.

CONTROL BY CURRENT STOCKHOLDERS

Upon consummation of this offering, Mr. Jay S. Walker, the Founder and Vice Chairman of priceline.com, and Mr. Richard S. Braddock, Chief Executive Officer of priceline.com, together with their respective affiliates, will beneficially own approximately and percent, respectively (and percent, respectively, if the Underwriters' over-allotment option is exercised in full), of our outstanding Common Stock, subject to certain adjustments. As a result, if Messrs. Walker and Braddock act together, they will have the ability to control the outcome on all matters requiring stockholder approval (including the election and removal of directors and any merger, consolidation or sale of all or substantially all of our assets) and to control our management and affairs. Such control could discourage others from initiating potential merger, takeover or other change of control transactions. As a result, the market price of our Common Stock could be adversely affected. See "Management," "Principal Stockholders" and "Certain Transactions."

FUTURE CAPITAL NEEDS

Based on our current operating plan, we anticipate that the net proceeds of this offering, together with our available funds, will be sufficient to satisfy our anticipated needs for working capital, capital expenditures and business expansion for at least the next three years. After that time, we may need additional capital. Alternatively, we may need to raise additional funds sooner in order to fund more rapid expansion, to develop new or enhanced services, or to respond to competitive pressures. If we raise additional funds by issuing equity or convertible debt securities, the percentage ownership of our stockholders will be diluted. Furthermore, any new securities could have rights, preferences and privileges senior to those of the Common Stock.

We currently do not have any commitments for additional financing. We cannot be certain that additional financing will be available when and to the extent required or that, if available, it will be on acceptable terms. If adequate funds are not available on acceptable terms, we may not be able to fund our expansion, develop or enhance our products or services or respond to competitive pressures. See "Use of

Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

SHARES ELIGIBLE FOR FUTURE SALE

After this offering, we will have outstanding shares of Common Stock (shares if the Underwriters' over-allotment option is exercised in full), and we will have reserved an additional shares of Common Stock for issuance pursuant to outstanding stock options and warrants. All of the shares of Common Stock to be sold in this offering will be freely tradable without restriction or further registration under the federal securities laws unless purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act of 1933, as amended. The remaining shares of outstanding Common Stock, representing approximately of the outstanding Common Stock upon completion of this offering, will be "restricted securities" under the Securities Act subject to restrictions on the timing, manner and volume of sales of such shares.

Our directors, executive officers, key employees and substantially all of our current stockholders have agreed, subject to certain limited exceptions, for a period of 180 days after the date of this Prospectus, that they will not, without the prior written consent of Morgan Stanley & Co. Incorporated, directly or indirectly, offer to sell, sell or otherwise dispose of any shares of Common Stock. See "Underwriters." Subject to the foregoing lock-up agreements, holders of up to shares of Common Stock and securities convertible into or exercisable for shares of Common Stock will have the right to request the registration of their shares under the Securities Act. Upon the effectiveness of such registration, all shares covered by such registration statement will be freely transferable. Following the consummation of this offering, we also intend to file a registration statement on Form S-8 under the Securities Act covering 19,100,000 shares of Common Stock reserved for issuance under the 1997 Omnibus Plan and 7,500,000 shares of Common Stock reserved for issuance under the 1999 Omnibus Plan; such registration statement will automatically become effective upon filing. Of the number of shares subject to outstanding options at December 23, 1998, 8,322,792 options have vested as of such date. Accordingly, subject to the exercise of such options, shares registered under such registration statement will be available for sale in the open market immediately after the 180-day lock-up agreements expire. See "Description of Capital Stock -- Registration Rights" and "Shares Eligible for Future Sale."

We cannot predict if future sales of our Common Stock, or the availability of our Common Stock for sale, will adversely affect the market price for our Common Stock or our ability to raise capital by offering equity securities. See "Shares Eligible for Future Sale" and "Underwriters."

CERTAIN ANTI-TAKEOVER PROVISIONS

Our Board of Directors also will have the authority to issue up to 150,000 additional shares of Preferred Stock and to determine the price and the terms (including preferences and voting rights) of those shares without stockholder approval. Although we have no current plans to issue additional shares of Preferred Stock, any such issuance could:

- have the effect of delaying, deferring or preventing a change in control of our Company;

- discourage bids for our Common Stock at a premium over the market price; or

- adversely affect the market price of, and the voting and other rights of the holders of, our Common Stock.

We are subject to certain Delaware laws that could have the effect of delaying, deterring or preventing a change in control of our Company. One of these laws prohibits us from engaging in a business combination with any interested stockholder for a period of three years from the date the person became an interested stockholder, unless certain conditions are met. In addition, certain provisions of our Certificate of Incorporation and By-laws, and the significant amount of Common Stock held by our

executive officers, directors and affiliates, could together have the effect of discouraging potential takeover attempts or making it more difficult for stockholders to change management. See "Description of Capital Stock."

BROAD MANAGEMENT DISCRETION OVER ALLOCATION OF PROCEEDS

The net proceeds of this offering are estimated to be approximately $ million (approximately $ million, if the Underwriters' over-allotment option is exercised in full) at an assumed initial public offering price of $ per share and after deducting the estimated underwriting discount and estimated offering expenses. Our management will retain broad discretion as to the allocation of the proceeds of this offering. See "Use of Proceeds."

IMMEDIATE AND SUBSTANTIAL DILUTION

The initial public offering price is expected to be substantially higher than the net tangible book value of each outstanding share of Common Stock. Purchasers of Common Stock in this offering will suffer immediate and substantial dilution. The dilution will be $ per share in the net tangible book value of the Common Stock from the expected initial public offering price. If outstanding options and warrants to purchase shares of Common Stock are exercised, there could be further dilution. See "Dilution."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements under "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere in this Prospectus constitute forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, those listed under "Risk Factors" and elsewhere in this Prospectus.

In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of such terms or other comparable terminology.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements. We are under no duty to update any of the forward-looking statements after the date of this Prospectus.

USE OF PROCEEDS

The primary purposes of this offering are to obtain additional capital, create a public market for the Common Stock and facilitate future access to public markets. The net proceeds to the Company from the sale of the shares of Common Stock offered hereby are estimated to be approximately $ million (approximately $ million, if the Underwriters' over-allotment option is exercised in full), assuming an initial public offering price of $ per share and after deducting estimated offering expenses of $ and the underwriting discount payable by the Company. The Company intends to use the remainder of the net proceeds, over time, for general corporate purposes, including working capital to fund anticipated operating losses, expenses associated with our advertising campaigns, brand-name promotions and other marketing efforts and capital expenditures. The Company also could use a portion of the net proceeds, currently intended for general corporate purposes, to acquire or invest in businesses, technologies, products or services, although no specific acquisitions are planned and no portion of the net proceeds has been allocated for any acquisition. As of the date of this Prospectus, the Company cannot specify with certainty the particular uses for the net proceeds to be received upon the consummation of this offering. Accordingly, the Company's management will have broad discretion in the application of the net proceeds. Pending such uses, the Company intends to invest the net proceeds from this offering in short-term, interest-bearing, investment-grade securities. See "Risk Factors -- Future Capital Needs" and "Risk Factors -- Broad Management Discretion Over Allocation of Proceeds."

DIVIDEND POLICY

The Company has not declared or paid any cash dividends on its capital stock since its inception and does not expect to pay any cash dividends in the foreseeable future. The Company currently intends to retain future earnings, if any, to finance the expansion of its business.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of September 30, 1998: (i) on an actual basis; (ii) on a pro forma basis to reflect the issuance of shares of Series B Convertible Preferred Stock in December 1998 and the merger of priceline.com and Priceline Travel, Inc. ("Priceline Travel"); and (iii) on a pro forma basis as adjusted to reflect (a) the conversion of all outstanding shares of Convertible Preferred Stock into Common Stock upon the consummation of this offering and (b) the receipt by the Company of the estimated net proceeds from the sale of the shares of Common Stock offered hereby at an assumed initial public offering price of $ per share (after deducting the estimated offering expenses and underwriting discount). This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Combined Financial Statements and related Notes thereto included elsewhere in this Prospectus.

	AS OF SEPTEMBER 30, 1998		
	ACTUAL	PRO FORMA	PRO FORMA AS ADJUSTED
Long-Term Debt--net	$ 989,396	$ 989,396	$
Capital Lease Obligations--net of current portion	32,649	32,649	
Total debt	1,022,045	1,022,045	
Stockholders' equity:			
Common Stock, priceline.com, $0.01 par value--Authorized, 150,000,000 shares; issued and outstanding, 74,409,902, 74,409,902 and , actual, pro forma and pro forma as adjusted, respectively; Priceline Travel, $1.00 par value--3,000 shares authorized, issued and outstanding 3,000, 0, and 0 actual, pro forma and pro forma as adjusted, respectively	747,099(1)	744,099	
Preferred Stock, Series A Convertible, $0.01 par value, $1.16 liquidation value-- Authorized, 30,000,000 shares; issued and outstanding, 17,288,684, 17,288,684 and 0, actual, pro forma and pro forma as adjusted, respectively	172,887	172,887	
Preferred Stock, Series B Convertible, $0.01 par value, $4.00 liquidation value--Authorized, 13,837,500 shares; issued and outstanding, 0, 13,837,500 and 0, actual, pro forma and pro forma as adjusted, respectively	--	138,375	
Additional paid-in capital	53,285,081	108,499,706	
Accumulated deficit	(41,052,033)	(41,052,033)	
Total stockholders' equity	13,153,034	68,503,034	
Total capitalization	$ 14,175,079	$ 69,525,079	$

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(1) Excludes (i) 17,419,375 shares of Common Stock issuable on exercise of options outstanding as of December 23, 1998, with a weighted average exercise price of $1.07 per share; (ii) 9,180,625 additional shares of Common Stock reserved for issuance under the 1997 Omnibus Plan and the proposed 1999 Omnibus Plan; (iii) 15,114,083 shares of Common Stock issuable upon exercise of outstanding warrants at an exercise price of approximately $1.16 per share; (iv) 50,000 shares of Common Stock issuable upon exercise of outstanding warrants at an exercise price of $1.00 per share and (v) 100,000 shares of Common Stock issuable upon exercise of outstanding warrants at no exercise price. See "Management -- Stock Based Plans -- Priceline.com Incorporated 1997 Omnibus Plan" and "-- Summary of Compensation," "Business -- Strategic Alliances" and Notes 6 and 7 of Notes to Combined Financial Statements.

DILUTION

The pro forma net tangible book value of the Company as of September 30, 1998 was $, or $ per share. "Pro forma net tangible book value per share" is determined by dividing the pro forma number of outstanding shares of Common Stock into the net tangible book value of the Company (total tangible assets less total liabilities). Assuming the sale by the Company of the shares of Common Stock being offered hereby at an assumed initial public offering price of $ per share and after deducting the estimated underwriting discount and estimated offering expenses, the pro forma net tangible book value of the Company as of September 30, 1998 would have been approximately $, or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors purchasing shares at the initial public offering price. The following table illustrates the per share dilution:

Assumed initial public offering price per share.....		$
Pro forma net tangible book value per share as of September 30, 1998.....	$	
Increase in pro forma net tangible book value per share attributable to new investors.....	$	
Pro forma net tangible book value per share after the offering.....		$
Dilution per share to new investors.....		$

The following table summarizes as of September 30, 1998, on the pro forma basis described above, the number of shares of capital stock purchased from the Company, the total consideration paid to the Company and the average price per share paid by existing stockholders and by investors purchasing shares of Common Stock in this offering at an assumed initial public offering price of $ (before deducting the estimated underwriting discount and estimated offering expenses):

	SHARES PURCHASED(1)		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Existing stockholders.....		%	$	%	$
New investors.....		%	$	%	$
Total.....		%	$	%	$

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(1) Sale by the Company of additional shares of Common Stock upon exercise in full of the underwriters' over-allotment option will reduce the percentage of Common Stock held by existing stockholders to % of the total number of shares of Common Stock to be outstanding after this offering and will increase the number of shares of Common Stock held by new investors to shares or % of the total number of shares of Common Stock to be outstanding after this offering. See "Principal Stockholders."

The foregoing discussion and tables assume no exercise of any stock options or warrants outstanding as of September 30, 1998. As of September 30, 1998, there were options outstanding to purchase a total of 17,037,042 shares of Common Stock with a weighted average exercise price of $1.00 per share and warrants outstanding to purchase a total of 15,264,083 shares of Common Stock with a weighted average purchase price of $1.15 per share. In addition, since September 30, 1998, the Company issued options to purchase an aggregate of 382,333 shares of Common Stock. To the extent that any of these options or warrants are exercised, there would be further dilution to new public investors. See "Capitalization," "Management -- Employee Benefit Plans" and Notes 7 and 8 of Notes to Combined Financial Statements.

SELECTED COMBINED FINANCIAL DATA

The following selected combined financial data should be read in conjunction with the combined financial statements of priceline.com and Priceline Travel and related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Prospectus. The combined statement of operations data for the nine months ended September 30, 1998 and the period July 18, 1997 (Inception) to December 31, 1997 and the combined balance sheet data as of September 30, 1998 are derived from the combined financial statements of priceline.com and Priceline Travel included elsewhere in this Prospectus. The Company's travel agency license is held by Priceline Travel and all of the Company's airline ticket sales have been effected through Priceline Travel, which will be merged with and into the Company prior to the consummation of this offering. Accordingly, the financial statements of Priceline Travel are presented on a combined basis with priceline.com for all relevant periods.

	NINE MONTHS ENDED SEPTEMBER 30, 1998	JULY 18, 1997 (INCEPTION) TO DECEMBER 31, 1997
COMBINED STATEMENT OF OPERATIONS DATA:		
Revenues	$ 16,243,733	$ --
Cost of revenues	16,793,797	--
Gross profit (loss)	(550,064)	--
Expenses:		
Sales and marketing	15,925,101	441,479
General and adminstrative	14,198,661	1,011,600
Systems and business development	8,168,984	1,060,091
Total expenses	38,292,746	2,513,170
Operating loss	(38,842,810)	(2,513,170)
Interest income (expense), net	304,259	(312)
Net income (loss)	$ (38,538,551)	$ (2,513,482)
Net loss per common share	$ (0.62)	$ (0.06)
Weighted average common shares outstanding	61,767,845	40,667,005

	AS OF SEPTEMBER 30, 1998		
	ACTUAL	PRO FORMA(1)	PRO FORMA AS ADJUSTED(2)
COMBINED BALANCE SHEET DATA:			
Cash and cash equivalents	$ 10,081,313	$ 65,431,313	
Working capital	8,514,760	63,864,760	
Total assets	19,680,716	75,030,716	
Total liabilities	6,527,682	6,527,682	
Total stockholders' equity	13,153,034	68,503,034	

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(1) Reflects the issuance of shares of Series B Convertible Preferred Stock in December 1998.

(2) Reflects (i) the conversion of all outstanding shares of Convertible Preferred Stock into Common Stock upon the consummation of this offering, and (ii) the receipt by the Company of the estimated net proceeds from the sale of the shares of Common Stock offered hereby at an assumed initial public offering price of $ per share (after deducting the estimated offering expenses and underwriting discount).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THIS PROSPECTUS CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES. ACTUAL EVENTS OR RESULTS MAY DIFFER MATERIALLY FROM THOSE INDICATED IN SUCH FORWARD-LOOKING STATEMENTS. SEE "SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS."

THE FOLLOWING DISCUSSION OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY ALSO SHOULD BE READ IN CONJUNCTION WITH THE COMBINED FINANCIAL STATEMENTS AND RELATED NOTES THERETO INCLUDED ELSEWHERE IN THIS PROSPECTUS.

OVERVIEW

Priceline.com has pioneered a unique new type of e-commerce known as a "demand collection system" that enables consumers to use the Internet to save money on a wide range of products and services while enabling sellers to generate incremental revenue. Using a simple and compelling consumer proposition--"name your price," the Company collects consumer demand (in the form of individual customer offers guaranteed by a credit card) for a particular product or service at a price set by the customer and communicates that demand directly to participating sellers or to their private databases. Consumers agree to hold their offers open for a specified period of time to enable priceline.com to fulfill their offers from inventory provided by participating sellers. Once fulfilled, offers generally cannot be canceled. Priceline.com benefits consumers by enabling them to save money, while at the same time benefitting sellers by providing them with an effective revenue management tool capable of identifying and capturing incremental revenues. By requiring consumers to be flexible with respect to brands, sellers and product features, priceline.com enables sellers to generate incremental revenue without disrupting their existing distribution channels or retail pricing structures.

The Company was formed in July 1997 and its primary activities during the period prior to launch consisted of recruiting and training employees, developing its business model, implementing systems to support its business model, developing relationships with seller participants and developing the priceline.com brand. The Company commenced operations in April 1998 with the sale of leisure airline tickets. The Company's service offerings have since been expanded to also include hotel room reservations, and, on a test basis, the sale of new automobiles. During the first quarter of 1999, we expect to offer home mortgages. The number of employees of the Company increased from 10 to 113 during the period from inception through the nine months ended September 30, 1998, and the Company currently has 124 employees.

The Company generates revenues from the completion of transactions through the priceline.com service; however, the manner in which it derives revenues varies from product to product. With respect to airline and hotel reservation services, the Company earns the spread between the customer's named price and the fare or rate charged by the seller. With respect to the automobile service, the Company earns a fixed fee from both the customer and the seller. With respect to the home mortgage service, the Company expects to receive a payment equal to a percentage of the net revenue generated from the mortgage program, which is operated in conjunction with the LendingTree, Inc. ("LendingTree"). The Company also generates revenues through adaptive marketing programs with third parties that pay the Company fees for marketing their customer acquisition programs. Fees from adaptive marketing promotions currently consist primarily of fees paid by a third-party credit card issuer for qualifying credit card applications submitted through the priceline.com service in connection with offers for airline tickets.

The Company recognizes revenue differently depending on the nature of the transaction. In the case of airline tickets and other travel products, priceline.com is the merchant of record and, accordingly, records as revenue the amount it collects from the customer, net of the federal air transportation tax, segment fees and passenger facility charges imposed in connection with the sale of airline tickets (collectively "Transportation Taxes and Fees"). The Company records as cost of revenues the amount paid

to airlines or other suppliers, net of Transportation Taxes and Fees. In the case of new cars and financial services, where the Company acts as the intermediary between the buyer and the seller, and in adaptive marketing programs, where the Company is paid a fee by third parties in connection with customer acquisition programs, the Company records as revenue only the fee or other third-party payment that it receives in connection with the transaction, and not the value of the underlying sale.

During the period from launch through September 30, 1998, priceline.com collected guaranteed offers for approximately 1.1 million airline tickets, representing approximately $243.9 million in total consumer demand, resulting in sales of approximately 67,275 airline tickets, representing approximately $15.5 million in revenue. Priceline.com's offer fulfillment rate for airline tickets has been constrained by the availability of airline inventory, which initially was limited by the inclusion of only Trans World Airlines ("TWA") and America West Airlines ("America West") as participating domestic carriers. With the addition of Delta Air Lines ("Delta") in mid-September 1998, priceline.com has expanded its potential inventory breadth to cover more domestic markets and has increased the depth of potential inventory in markets that were already served. The Company believes that it can increase the amount of ticket sales and improve its offer fulfillment rate as its business matures by (i) expanding the depth and breadth of airline ticket inventory, (ii) demonstrating to airlines how they can utilize revenue management strategies to fulfill a larger share of reasonable offers, and (iii) expanding adaptive marketing programs to help increase the number of completed transactions.

Since its inception, the Company has incurred net losses in each fiscal quarter and, as of September 30, 1998, had an accumulated deficit of $41.1 million. The Company believes that its continued growth will depend in large part on its ability to continue to promote the priceline.com brand and to apply the priceline.com business model to a wide range of products and services. Accordingly, the Company intends to continue to invest heavily in marketing and promotion, technology and personnel. As a result, the Company expects to incur additional losses for the foreseeable future. See "Risk Factors -- History of Losses and Anticipated Continuing Losses." In addition, the Company's limited operating history makes the prediction of future results of operations difficult, and accordingly, there can be no assurance that the Company will achieve or sustain revenue growth or profitability. See "Risk Factors -- Potential Fluctuations in Results of Operations; Difficulty in Predicting Results of Operations."

The Company presently is engaged in discussions with Delta regarding, among other things, potential amendments to the terms of the warrant to purchase Common Stock issued to Delta (the "Delta Warrant") and in discussions with certain other domestic airlines concerning the potential issuance of equity securities to such airlines. The Company anticipates that such amendments to the Delta Warrant and other equity issuances may be finalized prior to January 1, 1999, and if consummated, would result in a one-time non-cash charge for the Company in the fourth quarter of 1998.

The Company's travel agency license is held by Priceline Travel, a separate company owned by Mr. Jay S. Walker, the Company's Founder and Vice Chairman, and all of the Company's airline ticket sales have been effected through Priceline Travel, which will be merged with and into the Company prior to the consummation of this offering. Accordingly, the financial statements of Priceline Travel are presented on a combined basis with priceline.com for all relevant periods.

RESULTS OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 1998

The Company was formed in July 1997, but did not commence operations until April 1998. Because of the Company's limited operating history, comparisons with prior periods are not meaningful.

REVENUES

Total revenues for the nine month period ended September 30, 1998 were $16.2 million. Since commencement of operations in April 1998, essentially all revenues consisted of airline ticket sales and related adaptive marketing programs. Approximately $700,000 of total revenues are attributable to adaptive marketing programs, substantially all of which are attributable to the Company's third-party credit card marketing program. The Company expects the portion of revenues attributable to adaptive marketing programs to increase in future periods. The Company's automobile sales service, which was launched on a test basis in the New York metropolitan area in July 1998, did not contribute materially to revenues during the period.

COST OF REVENUES AND GROSS PROFIT (LOSS)

Cost of revenues for the nine month period ended September 30, 1998 totaled $16.8 million. Cost of revenues represents costs of goods paid to the Company's airline ticket suppliers, net of Transportation Taxes and Fees. Gross profit (loss), which is comprised of revenues less cost of revenues, was ($550,064) for the nine month period ended September 30, 1998. The Company's business model enables it to manage the level of gross margins by controlling the price at which it will cause offers to be fulfilled. The Company has chosen to sell a substantial number of tickets below its cost in order to increase revenues, build a record of successful transactions, and enhance the priceline.com brand. Consequently, the Company's aggregate gross margins on airline ticket sales were negative during the period from launch through September 30, 1998. As the Company matures, the Company expects to reduce the percentage of airline tickets sold below its cost and to improve its overall gross margins. The Company anticipates that revenues from adaptive marketing programs will increase significantly in the fourth quarter of 1998 resulting in a gross profit for the fourth quarter (and for the full year) as compared to a gross loss for the nine month period.

OPERATING EXPENSES

SALES AND MARKETING. Sales and marketing expenses for the nine month period ended September 30, 1998 totaled $15.9 million, or 98.0% of revenues. Approximately 67.0% of sales and marketing expenses were comprised of radio and newspaper advertising expenses. The balance was comprised of fees payable to a third party service provider, which operates the Company's call center, credit card fees, and compensation for the Company's sales and marketing personnel.

SYSTEMS AND BUSINESS DEVELOPMENT. Systems and business development expenses for the nine month period ended September 30, 1998 totaled $8.2 million, or 50.3% of revenues. Systems and business development expenses are comprised primarily of compensation to the Company's information technology and product development staff and payments to outside contractors, data communications and other expenses associated with operating the Company's Web site and, to a lesser extent, depreciation on computer hardware and licensing fees for computer software.

GENERAL AND ADMINISTRATIVE. General and administrative expenses for the nine month period ended September 30, 1998 totaled $14.2 million or 87.4% of revenues. General and administrative expenses consist primarily of compensation for personnel, fees for outside professionals, telecommunications and other overhead costs, including occupancy expense. Also included is a one-time non-cash charge of $6.5 million relating to the issuance to Mr. Richard S. Braddock of a profits interest with respect to 6.5 million units in the Company's predecessor, priceline.com LLC ("priceline.com LLC"). These units were granted to Mr. Braddock in connection with his joining the Company, and were subsequently converted into an equivalent number of shares of Common Stock.

INTEREST INCOME (EXPENSE), NET

Interest income (expense), net for the nine month period ended September 30, 1998 totaled $0.30 million, reflecting approximately $0.37 million of interest income earned by the Company on its cash balances, net of interest expense for the period.

PERIOD ENDED DECEMBER 31, 1997

During the period from its formation in July 1997 through December 31, 1997, the Company was engaged in start-up activities and incurred $2.5 million of operating expenses. No revenues were earned during the period. As of December 31, 1997, the Company had a cumulative net loss of $2.5 million.

QUARTERLY RESULTS OF OPERATIONS

The Company's quarterly operating results will be affected by a variety of factors, many of which are outside the Company's control. Factors that may affect the Company's quarterly operating results include: (i) the Company's ability to increase both consumers' and sellers' use of the priceline.com service; (ii) the Company's ability to attract new sellers of products and services to participate in the priceline.com service; (iii) the Company's ability to expand the products and services offered; (iv) the fulfillment rate of customers' offers; (v) the results of our adaptive marketing programs; (vi) the announcement or introduction of new sites, services and products by the Company's competitors; (vii) the success of the Company's brand building and marketing campaigns; (viii) price competition in the sale of products and services offered over the priceline.com system; (ix) increasing consumer confidence in and acceptance of the Internet and other online services for commerce and, in particular, the online purchase of products and services such as those offered by the priceline.com service; (x) the Company's ability to upgrade and develop its systems and infrastructure to accommodate growth; (xi) the Company's ability to attract new personnel in a timely and effective manner; (xii) the occurrence of technical difficulties or service interruptions; (xiii) the amount and timing of operating costs and capital expenditures relating to expansion of the Company's business, operations and infrastructure; (xiv) changes in governmental regulation by federal or local governments; and (xv) general economic conditions and economic conditions specific to the Internet and online commerce industries, as well as the individual industries, for the products and services sold through the priceline.com system.

As a result of the Company's limited operating history and the emerging nature of the market for online commerce, it is difficult for the Company to forecast its revenues or earnings accurately. In addition, the Company has no backlog, with virtually all of the Company's revenues for a particular quarter being derived from offers that are made and accepted during that quarter. The Company's current and future expense levels are based largely on its investment plans and estimates of future revenues and are, to a large extent, fixed. The Company may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in revenues relative to the Company's planned expenditures would have an immediate adverse effect on the Company's business, results of operations and financial condition.

The Company's limited operating history and rapid growth makes it difficult for the Company to assess the impact of seasonal factors on its business. Nevertheless, the Company expects its business to be subject to seasonal fluctuations, reflecting a combination of seasonality trends for the products and services offered by the priceline.com service and seasonality patterns affecting Internet use. For example, with regard to the Company's travel products, demand for leisure travel may increase over summer vacations and holiday periods, while Internet usage may decline during the summer months. The Company's results also may be affected by seasonal fluctuations in the inventory made available to the priceline.com service by participating sellers. Airlines, for example, typically enjoy high demand for tickets through traditional distribution channels for travel during Thanksgiving and the year-end holiday period. As a result, during those periods, airlines may have less excess inventory to offer through priceline.com at discounted prices.

The Company's business also may be subject to cyclical variations for the products and services offered; for example, leisure travel tends to decrease in economic downturns.

Due to the foregoing factors, the Company's quarterly revenues and operating results are difficult to forecast. The Company believes that period-to-period comparisons of its operating results may not be meaningful and should not be relied upon as an indication of future performance. In addition, it is possible that in one or more future quarters the Company's operating results will fall below the expectations of securities analysts and investors. In such event, the trading price of the Common Stock would almost certainly be materially adversely affected.

LIQUIDITY AND CAPITAL RESOURCES

Since its inception, the Company has financed its operations primarily through the sale of equity securities. Net proceeds from these sales from organization to December 23, 1998 totaled approximately $103.1 million. The Company's initial equity capital of approximately $27.0 million was provided by Mr. Jay S. Walker, other high net worth individuals and a partnership affiliated with General Atlantic Partners, LLC ("GAP LLC"), a private equity fund that invests worldwide in software and information technology companies. An additional $20 million was invested by two partnerships affiliated with GAP LLC in July 1998. On December 8, 1998, the Company received approximately $55.4 million in proceeds from the sale of equity securities in a private offering to a group of corporate and institutional investors and high net worth individuals, including two partnerships affiliated with GAP LLC, Vulcan Ventures, Incorporated ("Vulcan"), Liberty PL, Inc. (a wholly owned subsidiary of Liberty Media Corporation), Quantum Industrial Partners LDC (a fund managed by Soros Fund Management, LLC) and Allen & Company, Incorporated. Allen & Company, Incorporated also has served as the Company's financial advisor. At September 30, 1998, the Company's principal source of liquidity was approximately $10.1 million in cash and cash equivalents. Such cash reserves were subsequently increased by the proceeds of the December 8, 1998 private placement.

In April 1998, the Company received proceeds from a loan of $1.0 million for working capital from a high net worth individual who also was issued a warrant to purchase 50,000 shares of Common Stock at an exercise price of $1.00 per share. This loan expires on April 15, 2003 and bears interest at a rate of 6.0%.

Net cash used in operating activities was $30.1 million for the nine month period ended September 30, 1998. Net cash used in operating activities was primarily attributable to net losses.

Net cash used in investing activities was $5.9 million for the nine month period ended September 30, 1998. Net cash used in investing activities was primarily related to purchases of property and equipment.

Net cash provided by financing activities was $46.0 million for the nine month period ended September 30, 1998. Net cash provided by financing activities resulted primarily from the issuance of equity securities referred to above.

The Company had no material commitments for capital expenditures at September 30, 1998 but expects such expenditures to be at least $5.0 million in 1999. Such expenditures will be primarily for computer equipment, leasehold improvements related to newly leased space and other property and equipment. The Company believes that, based upon its current operating plan, its existing cash and cash equivalents, the net proceeds from this offering and any cash generated from operations will be sufficient to fund its operating activities, capital expenditures and other obligations through at least the next three years. However, if during that period or thereafter the Company is not successful in generating sufficient cash flow from operations or in raising additional capital when required in sufficient amounts and on terms acceptable to the Company, these failures could have a material adverse effect on the Company's business, results of operations and financial condition. If additional funds are raised through the issuance of equity securities, the percentage ownership of its then-current stockholders would be diluted.

RECENT ACCOUNTING PRONOUNCEMENTS

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1, Accounting for Costs of Computer Software developed or obtained for internal use. This Statement is effective for fiscal years beginning after December 15, 1998. This Statement provides guidance on accounting for the cost of computer software developed or obtained for internal use. The Company will adopt this Statement beginning January 1, 1999 and currently is in the process of evaluating its impact.

CERTAIN TAX MATTERS

NET OPERATING LOSS CARRYFORWARDS

Through July 31, 1998, priceline.com operated as a limited liability company, and income taxes (benefits) accrued to its members. During the nine months ended September 30, 1998, the Company had a net loss, and since converting from a limited liability company to a corporation in July 1998, it has incurred a tax net operating loss of $8.2 million. The Company's initial corporate tax return will be for the period August 1 through December 31, 1998. The Company has provided a full valuation allowance on the deferred tax asset of $3.4 million resulting from the tax net operating loss because of the uncertainty regarding its realization. The Company's accounting for deferred taxes under Statement of Financial Accounting Standards No. 109 involves the evaluation of a number of factors concerning the realizability of the Company's deferred tax assets. In concluding that a full valuation allowance was required, management primarily considered such factors as the Company's history of losses from operations and expected future losses. See Notes 2 and 8 of Notes to Combined Financial Statements included elsewhere in this Prospectus.

FEDERAL AIR TRANSPORTATION TAX ON AIRLINE TICKET SALES

Currently, a federal air transportation tax is imposed upon the sale of airline tickets and generally is collected by the airlines selling the tickets. The tax is based upon a percentage of the cost of transportation, which was 9% for periods prior to October 1, 1998 and 8% thereafter. Because of the unique pricing structures employed in the priceline.com service (I.E., the amount paid by the customer for a ticket being different than the amount charged by the airline for the same ticket with the excess payment, if any, going to the Company as a charge for the use of our proprietary business method), it is not clear how this federal tax should be calculated when sales occur using the priceline.com service. The Company has been calculating this tax based on the price charged by the airline for a ticket, rather than the price paid by the customer. There is a possibility that current law requires computation of the tax based on the price paid by the customer to the Company. Due to the uncertainty of how the federal air transportation tax applies to sales of airline tickets using the priceline.com service, the Company has submitted a written request to the United States Internal Revenue Service seeking a determination of the Company's federal air transportation tax obligations. Such determination may not be favorable and may require the Company to collect federal air transportation tax on the total amount paid by consumers for air travel.

The Company potentially owes approximately $56,000 in additional taxes relating to the method used by the Company to calculate the tax. The Company has accrued for such potential liability in the Company's combined balance sheet as of September 30, 1998 and is providing for such potential liability on an ongoing basis. The Company has agreed to indemnify and hold harmless certain of our participating airlines from any liability with respect to such taxes as well as to secure the payment of such taxes by a letter of credit.

NON-QUALIFIED STOCK OPTIONS

The Company currently has outstanding 17,419,375 non-qualified stock options issued to various employees pursuant to the 1997 Omnibus Plan. Each option entitles its holder to purchase a share of Common Stock at a weighted average exercise price of $1.07 per share, subject to adjustment in accordance with the 1997 Omnibus Plan. On exercise of an option, the Company will be entitled to an income tax deduction equal to the difference between the exercise price of the option and the then fair market value of the Common Stock. As the exercise of options is in the sole discretion of the holder of the options, the timing of the corresponding income tax deduction is outside the control of the Company.

YEAR 2000 READINESS DISCLOSURE

THE COMPANY'S STATE OF READINESS

The Company has defined Year 2000 compliance as follows:

Information technology time and date data processes, including, but not limited to, calculating, comparing and sequencing data from, into and between the 20th and 21st centuries contained in our products and services offered through the priceline.com service, will function accurately, continuously and without degradation in performance and without requiring intervention or modification in any manner that will or could adversely affect the performance of such products or the delivery of such services as applicable at any time hereafter.

The Company's internal systems include both its information technology systems ("IT Systems") and non-information technology systems ("Non-IT Systems"). The Company has initiated an assessment of its proprietary IT Systems, and expects to complete any remediation and testing of all IT Systems during 1999. With respect to IT Systems provided by third-party vendors, the Company has sought assurances from such vendors that their technology is Year 2000 compliant. All of the Company's material IT System vendors have replied to inquiry letters sent by the Company stating that they either are Year 2000 compliant or expect to be so in a timely manner.

The Company is evaluating its Non-IT Systems for Year 2000 compliance. It has not, to date, discovered any material Year 2000 issues with respect to its Non-IT Systems.

The Company is in the process of contacting its material seller participants whose products or services are sold through the priceline.com service to determine if they are Year 2000 compliant. To date, all such seller participants have stated that they are, or expect to be, Year 2000 compliant in a timely manner.

The Company's customers are individual Internet users, and, therefore, the Company does not have any individual customers who are material to an evaluation of Year 2000 compliance issues.

THE COSTS TO ADDRESS YEAR 2000 ISSUES

The Company has expensed amounts incurred in connection with Year 2000 compliance since its formation through September 30, 1998. Such amounts have not been material. The additional costs to make any other products or services Year 2000 compliant by mid-1999 will be expensed as incurred, but are not expected to be material.

The Company is not currently aware of any material operational issues or costs associated with preparing its systems for the Year 2000. Nonetheless, the Company may experience material unexpected costs caused by undetected errors or defects in the technology used in its systems or because of the failure of a material seller participant to be Year 2000 compliant.

RISKS ASSOCIATED WITH YEAR 2000 ISSUES

Notwithstanding the Company's Year 2000 compliance efforts, the failure of a material system or vendor, including a seller participant in the priceline.com service, or the Internet generally, to be Year 2000 compliant could harm the operation of the priceline.com service or prevent certain products and services being offered through the priceline.com service, or have other unforeseen, adverse consequences to the Company.

Finally, the Company also is subject to external Year 2000-related failures or disruptions that might generally affect industry and commerce, such as utility or transportation company Year 2000 compliance failures and related service interruptions. All of these factors could have a material adverse effect on our business, financial condition and results of operations.

CONTINGENCY PLANS

The Company has not yet developed a contingency plan to address situations that may result if the Company is unable to achieve Year 2000 compliance. The cost of developing and implementing such a plan, if necessary, could be material.

OVERVIEW

Priceline.com has pioneered a unique new type of e-commerce known as a "demand collection system" that enables consumers to use the Internet to save money on a wide range of products and services while enabling sellers to generate incremental revenue. Using a simple and compelling consumer proposition--"name your price," priceline.com collects consumer demand (in the form of individual customer offers guaranteed by a credit card) for a particular product or service at a price set by the customer and communicates that demand directly to participating sellers or to their private databases. Consumers agree to hold their offers open for a specified period of time to enable priceline.com to fulfill their offers from inventory provided by participating sellers. Once fulfilled, offers generally cannot be canceled. Priceline.com benefits consumers by enabling them to save money, while at the same time benefitting sellers by providing them with an effective revenue management tool capable of identifying and capturing incremental revenues. By requiring consumers to be flexible with respect to brands, sellers and product features, priceline.com enables sellers to generate incremental revenue without disrupting their existing distribution channels or retail pricing structures.

Priceline.com commenced its service on April 6, 1998 with the sale of leisure airline tickets and, during the period from launch through September 30, 1998, collected guaranteed offers for approximately 1.1 million airline tickets, representing approximately $243.9 million in total consumer demand, resulting in sales of approximately 67,275 airline tickets, representing approximately $15.5 million in revenue. Priceline.com's services were expanded to include the sale of new automobiles, on a test basis, in July 1998 and hotel room reservations in October 1998. During the first quarter of 1999, the Company expects to offer consumers the ability to obtain home mortgages from a third party mortgage lender by using the priceline.com service. The Company also intends to expand its product offerings over the next two years to include rental cars, cruises, time shares, vacation packages, insurance and other financial services and certain retail products. Through the innovative use of "adaptive marketing programs," priceline.com also markets customer acquisition programs for third parties, which facilitate the completion of a higher percentage of successful transactions through the priceline.com service and generate significant fee income for the Company.

The Company offers products and services that are provided by participating sellers, many of whom are leaders in their industries. Sixteen domestic and international airlines currently participate in priceline.com's leisure airline ticket service, including Delta, TWA, America West, and leading international carriers. Participants in our hotel reservation service include Marriott, Sheraton, Westin and several other nationally recognized hotel chains. The Company does not publicly advertise the names of its seller participants in its airline and hotel programs. Priceline.com's mortgage service, which will be offered through a joint marketing arrangement with LendingTree, an Internet-based mortgage service provider, is expected to include a network of 17 mortgage lending institutions.

Management believes that the priceline.com service already has achieved significant consumer acceptance and widespread brand awareness. An independent research study conducted for the Company by the Opinion Research Corporation of Princeton, New Jersey ("ORC"), as of September 1998, found that, among adult Americans, the priceline.com "name your price" business proposition was the second most recognized e-commerce brand among the 13 leading brands included in the survey and one of the six most recognized Internet brands among the 25 leading brands included in the survey. ORC further found that, after only five months of operation, 62.5 million (or 32%) of all adult Americans were aware of the priceline.com "name your price" proposition. The Company's strong brand awareness has been achieved without any affiliation with an Internet portal company such as Yahoo! or Excite or a proprietary online service such as America Online. Beyond mere name recognition, the Company also believes that it enjoys high levels of consumer satisfaction among users of its service who provide powerful word-of-mouth endorsements. In addition, priceline.com has been featured in hundreds of news stories in national

publications such as THE NEW YORK TIMES, THE WALL STREET JOURNAL and USA TODAY. The priceline.com service also has been awarded a four-star rating by YAHOO! INTERNET LIFE magazine as the "most creative way to get a good deal" on leisure airline tickets.

The Company believes that priceline.com's unique business model can be applied to a broad range of products and services. Priceline.com's business model is covered by a patent and the Company currently has a number of additional patent applications pending. The Company believes that the broad applicability of its business model, its patent strategy, its first mover advantage, the strength of the priceline.com brand, its network of seller participants and its proprietary software systems provide the Company with significant competitive advantages.

INDUSTRY BACKGROUND

THE GROWTH OF COMMERCE ON THE INTERNET

The Internet has emerged as a significant interactive medium for conducting business. International Data Corporation ("IDC"), a market research firm, estimates that the number of Internet users worldwide will exceed 97 million in 1998 and will grow to over 319 million by the end of 2002. IDC also estimates that annual worldwide commerce over the Internet will increase from approximately $32 billion in 1998 to approximately $425 billion by 2002. The factors driving this growth include the increasing number of personal computers in homes and offices, the decreasing cost of personal computers, technological innovations providing easier, faster and cheaper access to the Internet, the proliferation of content and services being provided on the Internet and the increasing use of the Internet by businesses and consumers as a medium for conducting business. The increasing use of the Internet as a commercial medium has been accompanied by a diversification in the type of commerce that is conducted on the Internet and a proliferation in the types of products and services available on the Internet.

The Internet possesses a number of unique and commercially powerful characteristics that differentiate it from traditional media: users communicate or access information without geographic or temporal limitations; users access dynamic and interactive content on a real-time basis; and users communicate and interact instantaneously with a single individual or a group of individuals at little or no cost. The Internet has created a dynamic and particularly attractive medium for commerce, empowering consumers to gather more comparative purchasing data than is feasible with traditional commerce systems, to shop in ways that can be more convenient for them and to interact with sellers in many new ways. As the Internet has become more accessible and widely used for transactions, it has emerged as a primary business channel alongside the telephone, paper-based communication and face-to-face interaction.

LIMITATIONS OF TRADITIONAL PRICING MECHANISMS

Under traditional retail pricing methods, sellers typically market products to consumers under brand names at fixed retail prices. Alternatively, prices can be established through auction processes. However, each of these forms of seller-driven commerce have certain significant disadvantages for both sellers and consumers. For example, in the retail pricing model, sellers who discount prices to clear excess inventory, utilize excess capacity or increase sales velocity, risk disruption of their existing distribution channels and damage to their retail pricing structures. They also lose the opportunity to earn incremental revenue from "free-riders" (I.E., consumers who would have been prepared to pay the undiscounted price for the product or service, but nevertheless obtain the benefit of the discounted price). Moreover, none of these pricing methods allow sellers to consider the flexibility of potential buyers before setting prices. Similarly, consumers are often forced to pay a higher price when the seller is setting a fixed retail price for a product with added features or under a specific brand, which the customer would otherwise have been prepared to forgo for a lower price. Auctions force consumers to compete against each other for the benefit of the seller, which always results in the product being sold on the basis of the highest bid.

While the Internet has become a significant medium for conducting business, commerce presently conducted on the Internet is largely based upon traditional pricing methods. The Company believes that the vast information sharing and communications power of the Internet creates an opportunity for significant change in the way commerce or business is conducted.

THE PRICELINE.COM SOLUTION

Priceline.com has developed a demand collection system that uses the information sharing and communications power of the Internet to create a new way of pricing products and services. Priceline.com creates a new balance between the interests of buyers, who are willing to accept trade-offs in order to save money, and sellers, who are prepared to generate incremental revenue by selling products at below retail prices, provided that they can do so without disrupting their existing distribution channels or retail pricing structures. Priceline.com's demand collection system allows consumers to name the price they are prepared to pay for a particular product or service within a specified range of substitutability and then communicates such offers to multiple sellers or their private databases. Consumers agree to hold their offers open for a specified period of time to enable priceline.com to fulfill their offers from inventory provided by participating sellers. Once fulfilled, offers generally cannot be canceled. This system uses the flexibility of buyers to enable sellers to accept a lower price in order to sell excess inventory or capacity or to increase sales velocity. Priceline.com believes that its demand collection system addresses the limitations inherent in traditional pricing mechanisms in a manner that offers substantial benefits to both buyers and sellers.

The principal advantages of the priceline.com system include the following:

- COST SAVINGS AND PREFERRED METHOD OF PURCHASING FOR CONSUMERS. Priceline.com's demand collection system allows consumers to save money in a simple and compelling way--"name your price." Buyers effectively trade off flexibility about brands, product features and/or sellers in return for prices that are lower than those that can be obtained at that time through traditional retail distribution channels. The Company believes that in many cases, such as purchasing a new car or obtaining a home mortgage, naming your own price over the Internet represents a preferred purchasing method to traditional retail channels, which may involve comparison shopping among a complex array of alternative features, sometimes protracted negotiations and dealings with numerous brokers or sales representatives. Naming your price over the Internet also is a preferred purchasing method to auctions which always result in the product being sold on the basis of the highest bid.

- INCREMENTAL REVENUE FOR SELLERS. Sellers use priceline.com as a revenue management tool to generate incremental revenue without disrupting their existing distribution channels or retail pricing structures. Priceline.com requires consumers to be flexible with respect to brands (E.G., a willingness to fly on any major airline) and/or product features (E.G., a willingness to fly at any time of the day) and/or seller (E.G., any BMW dealer in a specific geographic area). As a result, sellers' brands are not revealed to customers prior to the consummation of a transaction, thereby protecting their brand integrity. This shielding of brand identity enables sellers to accept offers at discounted prices through priceline.com without cannibalizing their own retail sales by publicly announcing discount prices and without competing against their own distributors. In effect, priceline.com serves as a discreet and insulated channel of distribution. Sellers are further protected by the fact that each transaction is independent and the prices at which offers are accepted are not revealed to subsequent users of the priceline.com service. Priceline.com gives sellers the ability to exercise a greater degree of pricing flexibility without trading high-margin sales for low-margin sales, thereby enabling sellers to expand their total revenues and, in some cases, gain market share at the expense of non-participating competitors.

- PROPRIETARY SELLER NETWORKS. Priceline.com assembles proprietary networks of industry leading sellers that represent high quality brands, such as Delta, America West, TWA, Marriott, Sheraton and Westin. By establishing attractive networks of seller participants with reputations for quality, scale and national presence, priceline.com fosters increased participation by both buyers and sellers. Each participant in these unique seller networks is willing to consider and accept consumer offers at prices that are below its retail prices. Moreover, by shielding the seller's brand and not revealing the final selling price to other consumers, priceline.com encourages participating sellers to be aggressive in their pricing. The Company believes that as more and more sellers in an industry join the priceline.com service, other industry participants will want to join the system in order to maintain market share and avoid competitive disadvantage.

- GUARANTEED CONSUMER DEMAND FOR SELLERS. Each customer who makes an offer through priceline.com must guarantee his offer with a major credit card. The guaranteed aspect of the demand is attractive to sellers because they know that priceline.com offers them a confirmed sale whenever they accept a buyer's offer. Sellers can be sure that collected demand represents willing buyers, at each named price, rather than browsing shoppers who have made no commitment to purchase. Priceline.com's database of consumer offers also provides sellers with valuable market information about the precise quantities of latent demand at each price point below their retail prices.

- BROAD APPLICATIONS ACROSS MULTIPLE MARKETS. In contrast to many e-commerce companies that are building brands in vertical categories or groups of related categories, priceline.com believes that its e-commerce business model has horizontal application to products and services in a wide range of industries. The Company further believes that the broad applicability of the priceline.com service and the strength of the priceline.com brand afford the Company the opportunity to obtain substantial economies of scale and offer the potential for priceline.com to become a major new channel of distribution. The breadth of potential applications of the priceline.com business model also is enhanced by various cross-selling opportunities, since the Company expects that customers who successfully complete transactions through priceline.com will return to priceline.com to purchase other products and services.

- PATENTED BUSINESS SYSTEM. The Company believes that the strength of its business is enhanced by a patent portfolio covering its business model and a number of potentially competitive business models. Priceline.com's buyer-driven commerce system is covered by an issued patent and the Company has another issued patent and a number of related patent applications are pending. The Company believes that its patent strategy enhances the Company's competitive position.

THE PRICELINE.COM GROWTH STRATEGY

The Company's objective is to continue to expand the priceline.com business and to establish priceline.com's demand collection system as a leading source for the purchase of products and services on the Internet. The key elements of the Company's strategy are as follows:

- STRENGTHEN THE PRICELINE.COM BRAND. The Company intends to establish priceline.com as the leading consumer brand for buyer-driven commerce over the Internet. To achieve this objective, the Company intends to continue to pursue an aggressive brand development strategy through mass market and targeted advertising and promotions, press coverage and strong word-of-mouth support. While priceline.com is already one of the most recognized e-commerce brands among adult Americans, the Company believes that it can expand the public's association with the priceline.com "name your price" proposition to a broad range of products and services.

- LEVERAGE THE PRICELINE.COM BRAND OVER NUMEROUS PRODUCTS AND SERVICES. The Company intends to leverage the priceline.com brand across numerous products and services to achieve significant revenue scale and growth. In contrast to most e-commerce businesses that operate in one or two "vertical" markets, priceline.com is a "horizontal" commerce system that can benefit both buyers

and sellers in a broad range of industries. The Company's strategy is to make available multiple product and service offerings at a single Web site under a common brand to take advantage of these market opportunities. Over the next two years, the Company intends to offer products and services in four sectors of the economy where its demand collection system is particularly well suited. These sectors are (i) travel, including leisure airline tickets and hotel rooms (which are currently offered), rental cars, "all-inclusives" resorts, cruises and time shares; (ii) financial services, including home mortgages, credit card balance consolidation and automobile and life insurance; (iii) automobile sales (currently offered) and related financing; and (iv) retail products, including computers, home electronics and other consumer products. Given the size and scope of these markets, the Company believes it can achieve a large revenue base and sustain revenue growth by capturing even a small portion of the excess unsold inventory or capacity in these sectors and by capturing even relatively small amounts of market share from traditional seller-driven channels of retail distribution.

- EXPAND SELLER PARTICIPANT NETWORKS. The Company intends to continue to expand its alliances with major seller participants selected for reputation, quality and national presence to create proprietary seller networks for each of its major products and services. A critical element in the success of the priceline.com business has been the Company's ability to demonstrate to its seller participants that priceline.com can generate incremental revenues for sellers without disrupting their existing distribution channels or retail pricing structures. Priceline.com intends to form and maintain alliances with industry leaders by designing its products and services in a way that requires consumers to accept some trade-offs from currently available retail product offerings in return for lower prices. Such trade-offs typically include not knowing the identity of the seller or brand prior to the acceptance of a customer's offer by a seller.

- ENHANCE SITE FUNCTIONALITY AND INCREASE CONSUMER USAGE. Priceline.com intends to frequently update and enhance the features of the priceline.com service in order to continue to improve the priceline.com service. The Company monitors feedback from consumers and adds new features to further refine and simplify the buying process. Priceline.com also receives offers and provides customer service by telephone to assist consumers in the offer process. By continuing to increase the functionality of the service and enhance the consumer experience, priceline.com believes that it will continue to increase customer usage and loyalty.

- EXPAND ADAPTIVE MARKETING PROGRAMS. The Company intends to further develop and expand what it refers to as "adaptive marketing programs." Adaptive marketing programs include two distinct initiatives. "Adaptive promotions" allow consumers to increase the amount of their offers (and thus their likelihood of success) at no additional cost by participating in sponsor promotions during the process of making a priceline.com offer. For example, a customer making an offer to buy an airline ticket can increase the amount of his offer by a stated amount by applying online for a credit card issued by one of the Company's strategic partners. These promotions have the effect of increasing the percentage of successful offers at no additional cost to the consumer, while at the same time enabling the Company to earn significant fee income, which it can use to offset the sale of products and services below its unit cost. The second type of adaptive marketing program is referred to as "adaptive cross selling" and utilizes cross selling of multiple products to increase the number of successful transactions. While it is inherent in the nature of priceline.com's business model that not all offers will be acceptable to sellers, an integral part of the Company's strategy is to ensure that a high percentage of reasonable offers get accepted, thereby increasing financial returns while reinforcing the priceline.com brand. As customers have become more familiar with the service, the Company has been able to increase the percentage of offers it satisfies and expects this trend to continue.

- INCREASE FINANCIAL RETURNS OVER TIME. The Company intends to increase its financial returns over time as its revenue base grows. The Company's demand collection system enables it to balance revenue growth against gross profit margins, thereby enhancing the Company's ability to manage a

targeted gross margin as a percentage of revenues. The Company initially intends to emphasize revenue growth over profit margins in order to achieve significant revenue scale and to further strengthen the priceline.com brand. However, over time, as the Company's revenue base increases, the Company believes it will be able to capture a greater portion of the incremental profit that it generates for participating sellers and thereby increase the Company's profit margins and financial returns.

- EXPLORE INTERNATIONAL EXPANSION. The Company believes that the international scope of the Internet and the global demand for the types of products and services that the Company intends to make available through priceline.com presents opportunities to expand its service internationally. Given the anticipated continued increase in use of the Internet throughout the world, the Company intends to explore avenues and strategies for international expansion. The Company believes that joint ventures and licensing arrangements with international partners are likely to be the preferred methods of international expansion, as they will enable the Company to combine its expertise in demand collection systems with its partners' expertise in their local markets.

THE PRICELINE.COM BUSINESS MODEL

The Company believes that its demand collection system is a powerful new business model for conducting commerce on the Internet. The priceline.com business model is designed to allow consumers to save money on a wide range of products and services by trading flexibility regarding brands, product features and/or sellers in return for being able to buy products and services at prices that are lower than those charged through traditional retail channels of distribution. The priceline.com business model motivates sellers to offer products through priceline.com at below their retail prices by enabling them to generate incremental revenue while protecting their existing channels of distribution and retail pricing structures.

The defining elements of the priceline.com business model are the following:

- the buyer specifies or accepts a RANGE OF SUBSTITUTABILITY among brands, product features and/or sellers (E.G., agrees to stay at any three-star hotel in a certain area, agrees to fly at any time of the day or agrees to purchase a new car from any factory-authorized dealer);

- the buyer NAMES THE PRICE he is prepared to pay for the products or services within the specified range of substitutability;

- the buyer GUARANTEES HIS OFFER for a specified time period by securing all or a portion of his potential payment for the product or service with a major credit card;

- companies sell products or services at prices below their currently available retail prices using priceline.com as a BRAND SHIELD to protect their retail pricing structures and channels of distribution;

- each guaranteed offer can be consummated by any of a group of SELLERS; and

- offers made through priceline.com are held open for sellers to accept for a specified period of time, and generally CANNOT BE CANCELED by either the seller or the buyer.

The priceline.com consumer proposition is simple and compelling: realize immediate savings by using the Internet to name your own price when you are willing to be flexible about brands, product features and/or sellers. A central premise of the priceline.com consumer proposition is that in many product and service categories there are a significant number of consumers for whom brands, product features or sellers are interchangeable, particularly if agreeing to a substitution among brands or sellers will result in saving money. For example, the Company believes that many leisure travelers are relatively indifferent about the brand of major airline they fly. Similarly many consumers are indifferent to which financial services company provides them with a credit card or home mortgage. The Company also believes that many consumers prefer not to spend time and effort engaged in an evaluative process among similar products, brands or sellers, which they consider to be substitutable. Finally, priceline.com is appealing to some consumers because it does not charge a customer for simply submitting an offer, and the Company's Web site provides convenient access, available 24 hours a day, seven days a week.

The Company believes that the collection of large volumes of consumer demand is essential to building a network of multiple sellers to consider accepting consumers' offers. The Company also believes that it is important that all of the demand it collects is GUARANTEED by the buyer, that offers must be held open for a specified time period and that once an offer is accepted it generally cannot be canceled or the purchase price refunded. This approach assures sellers that the customers' offers are bona fide and that once an offer is accepted, the seller will generate an immediate sale, rather than an invitation to further negotiation or comparison shopping.

The priceline.com business model is predicated on the assumption that sellers almost invariably have excess inventory or capacity that they would sell at lower prices, if they could do so without either lowering their prices to their retail customers or advertising that lower prices are available. Priceline.com allows sellers to capture demand BELOW their retail "price line," without allowing retail customers who might be willing to pay more to "free ride" down to the lower price. The ability to offer prices below the retail price line generates incremental revenue by accessing buyer segments otherwise priced out of the market and, in certain cases, by capturing market share from nonparticipating competitors. Finally, priceline.com's database of consumer offers benefits sellers by providing them with valuable market information about the precise quantities of latent demand at each price point below their retail prices.

The Company believes that its demand collection system is ideally suited to industries characterized by low variable costs relative to total cost (I.E., high profit contribution margins), which provides sellers with a strong incentive to sell products at prices below their retail prices to generate incremental sales, provided that they can do so without threatening their existing distribution channels or retail pricing structures. Low variable costs frequently exist in industries with expiring or rapidly aging inventory. The Company also believes, however, that its demand collection system will prove to be effective even in industries that are not characterized by rapidly aging inventories and low variable costs because a significant number of consumers will prefer the relative cost savings, ease of use and convenience of priceline.com's name your price system to traditional retail distribution channels, and sellers will be attracted to the potential of the priceline.com service to increase sales velocity, which is often a significant factor in the success of businesses in these industries.

The Company believes that markets characterized by a large degree of brand, product feature or seller substitutability are substantial and include both those in industries characterized by high profit contribution margins and industries in which many consumers are dissatisfied with traditional retail distribution methods. In the business-to-consumer market, travel, new car sales, financial services and many retail products offer substantial ranges of substitutability in consumers' minds. In the business-to-business market, long distance service, media sales and office supplies are subject to high degrees of product or brand substitutability. In the consumer-to-consumer market, there are often multiple sellers that are ready, willing and able to offer new or nearly new products that consumers consider substitutable. The Company believes that its business model can be applied to each of these markets, thereby providing the Company with considerable potential for long term growth.

PRODUCTS AND SERVICES

The Company launched the priceline.com service on April 6, 1998 with the sale of leisure airline tickets. Since that time, the priceline.com service has been expanded to include the sale of new automobiles on a test basis in July 1998 and hotel room reservations in October 1998. During the first quarter of 1999, the Company expects to offer consumers the ability to obtain home mortgages from a third party mortgage lender by using the priceline.com service. The Company also intends to expand its product offerings over the next two years to include other leisure travel products such as rental cars, cruises, time shares, and vacation packages; automobile and personal insurance and other financial services products; and certain retail products such as computers, home electronics and other consumer products.

TRAVEL SERVICES

LEISURE AIRLINE TICKETS. Priceline.com commenced its service with the sale of leisure airline tickets. The number of airlines participating in priceline.com's airline ticket service has increased substantially since the launch of the business, from an initial group of two domestic airlines and four international airlines, to a total of four domestic airlines and 12 international airlines. Priceline.com also purchases and resells a small percentage of its tickets from airline ticket consolidators. Airlines participate in priceline.com's airline ticket service by making available to the Company unpublished fares and, in some cases, dedicated or special inventory. Priceline.com does not publicly advertise the names of airlines participating in its airline ticket service.

Consumers can make offers to purchase airline tickets through the priceline.com Web site or the 1-800-Priceline call center. During the period from launch through September 30, 1998, approximately 85% of all airline ticket requests were made through the Company's Web site. To make an offer, the customer (i) specifies (a) the origin and destination of the trip, (b) the dates on which he wishes to depart and return, and (c) the price he is willing to pay; and (ii) guarantees the offer with a credit card. Consumers must agree to, among others, the following conditions: (i) to fly on any major full-service airline (as defined by the United States Department of Transportation); (ii) to leave at any time of the day on their desired dates of departure and return; (iii) to purchase only round trip economy class tickets between the same two points of departure and return; (iv) to accept up to one stop or connection; (v) to receive no frequent flier miles or upgrades; and (vi) to accept tickets that cannot be refunded or changed. Consumers are informed that they can increase their chances of obtaining the desired ticket by accepting greater flexibility, such as accepting flights outside of priceline.com's normal flight times or accepting more than one stop or connection. Consumers also are given the opportunity to have their offers increased by a specified dollar amount (and thereby increase the likelihood of success) if they agree to participate in an adaptive promotion during the process of submitting their offers, such as applying for a credit card or subscribing to a magazine. In order to encourage reasonable initial offers, consumers are not permitted to make revised offers for an identical itinerary within seven days of an unsuccessful offer.

When the Company receives an offer, it determines whether the offer can be fulfilled under the available fares, rules and inventory that have been provided by participating airlines. Such fares and rules are filed by participating airlines in a private database known as SecureRate within the Worldspan central reservation system. As a certified travel agency, the Company also has access to the published "tariff" fares of all airlines, including those not participating in the priceline.com program, although the Company currently does not sell tickets purchased pursuant to published tariff fares. If a qualifying airfare is identified, a search in Worldspan is initiated to find seat availability on the requested dates of travel. Where more than one seller is able to fulfill the customer's offer, priceline.com awards the business based on an allocation protocol.

A customer is notified whether his offer has been accepted within one hour for domestic flights and within twenty-four hours for international flights. If priceline.com is able to obtain an airline ticket within the parameters specified by the customer, the customer's credit card is charged for the amount of the customer's offer and the ticket is delivered to the customer by the delivery method specified by the

customer. Approximately 90% of the tickets issued through priceline.com are electronic tickets for which there is no delivery charge. Priceline.com does not charge a fee to either the customer or the airline, but earns the spread, if any, between the customer's offered price and the cost to purchase the ticket from the airline.

HOTELS. In October 1998, the Company launched its second travel service, which allows consumers to name their price for hotel room reservations. At the time of launch, priceline.com's hotel reservation service was available in 26 metropolitan areas including Atlanta, Boston, Chicago, Los Angeles, New York, Orlando and San Francisco. The Company intends to expand its hotel reservation service during 1999 to include substantially all major metropolitan areas in the United States and various international destinations. Seller participants in the hotel reservation service include several of the most significant national hotel chains, including Marriott, Sheraton and Westin, as well as several important real estate investment trusts and independent property owners. Hotels participate by filing private discounted rates with related inventory control rules in the Company's private database in the Worldspan centralized reservation system for hotel rooms. These rates generally are not available to the general public or to consolidators and other discount distributors who sell to the public.

Priceline.com's hotel reservation service operates in a manner similar to its airline ticket service. Consumers are required to accept certain trade-offs with respect to brands or product features in return for saving money. For example, consumers are required to accept a reservation in any hotel within a specified geographic area within a designated "class" of service (E.G., 2, 3, 4 or 5-star) and must accept limitations on changes and cancellations. The Company determines the class of service for each participating hotel based upon published industry reports, the amenities available at each property and other factors such as age and decor. As with the airline ticket service, the target market for the Company's hotel reservation service is the leisure travel market.

Consumers can make offers for a hotel reservation through the priceline.com Web site or 1-800-Priceline call center. To make an offer, the customer (i) specifies (a) his dates of stay, (b) the metropolitan area (including geographic zones within that metropolitan area), (c) the class of hotel service and (d) the price he is willing to pay; and (ii) guarantees the offer with a credit card. Upon receipt of an offer for a hotel reservation, priceline.com systematically compares the offer with rates and inventory rules and determines whether the offer can be fulfilled from available inventory. The customer is notified whether his offer has been accepted within a specified time (currently one hour). When selling a hotel reservation, the Company earns the spread between the consumer's offer price and the price charged to the Company by the hotel. The Company also earns fee income from adaptive promotions that it makes available to consumers during the course of submitting an offer for a hotel reservation.

The dynamics of the hotel industry are similar to those of the airline industry in that both industries are characterized by expiring inventory and low marginal costs so that the sale of any excess inventory provides a significant contribution to profits. As with the airline industry, a significant amount of available inventory in the hotel industry expires unsold. The Company also believes that consumers are willing to trade off brand identity for lower rates with a specified class of hotel reservation service and that such industry dynamics make priceline.com's demand collection system particularly well-suited to the hotel industry. The Company also believes that the hotel reservation service will create opportunities for cross-selling to leisure travelers who purchase airline tickets through priceline.com.

OTHER TRAVEL SERVICES. The Company intends to expand its products and services within the leisure travel industry over the next two years to encompass the rental car, cruise, all-inclusive resort, time share and vacation package segments.

FINANCIAL SERVICES PRODUCTS

HOME MORTGAGES. The Company expects to introduce its home mortgage service in the first quarter of 1999. Priceline.com's mortgage service will allow consumers to name their interest rate for mortgages of a specified term, including purchase money mortgages, refinancings and home equity loans. LendingTree,

an Internet based mortgage service provider, will be the Company's joint marketing partner in connection with its mortgage service. Under the Company's agreement with LendingTree, priceline.com will be responsible for maintaining the mortgage service on the priceline.com Web site and for consumer marketing. LendingTree will serve as the mortgage broker and will operate the back-end processing system, which will present offers received through priceline.com to multiple mortgage lending institutions for consideration. LendingTree maintains its own online mortgage service, which is expected to include a network of 17 mortgage lending institutions. See "-- Strategic Alliances -- Marketing Agreement for Mortgage Services".

To obtain a home mortgage through the priceline.com service, consumers will access the priceline.com Web site and specify the amount of the loan, the term and the interest rate they are willing to pay. Consumers will complete a simplified loan application as part of the process of making an offer. In connection with making an offer, consumers will be required to guarantee with a major credit card the payment of a fee of $200, to be credited against closing costs if their offer is accepted. Priceline.com will transmit each offer to LendingTree, which in turn will present the offer to multiple lenders who can either accept the offered terms, or return a counteroffer to the consumer. Priceline.com will notify the customer within 48 hours whether his offer has been accepted. Upon the closing of a mortgage placed through priceline.com's mortgage service, LendingTree receives a fee from the lending institution, and the Company receives a fee from LendingTree.

According to published industry data, approximately $1.1 trillion of home mortgages are entered into in the United States each year. The Company believes that consumers are largely indifferent to which mortgage issuer provides their mortgage and seek merely to obtain the lowest cost in the most efficient manner. Moreover, comparison shopping among the hundreds of mortgage lenders can be a frustrating experience for consumers. The Company believes the priceline.com mortgage service will provide consumers with a simple and efficient vehicle for obtaining the interest rate they seek through a preferable purchasing process. For lenders, the priceline.com mortgage service will provide guaranteed demand from consumers who are committed to buy and will submit that demand in a format that can be reviewed and evaluated by the lender with minimal variable costs.

OTHER FINANCIAL SERVICES PRODUCTS. The Company intends to expand its products and services within the financial services industry over the next two years to include unsecured personal loans, credit card balance consolidations and automobile and life insurance policies. As with its other products and services, the Company intends to expand its financial product services by entering into strategic relationships with leading industry participants. The Company believes its financial product services will have broad demographic appeal among consumers who seek to obtain the most attractive economic terms in the most efficient manner from what they perceive to be substitutable suppliers.

NEW CAR SALES

Priceline.com introduced a new car sales service on a test basis in the New York metropolitan area in July 1998. Priceline.com is using the New York market to learn more about the Internet automobile sales market and to develop product features and systems support. In the first half of 1999, the Company intends to introduce its new car sales service in a prototype market (presently expected to be a city with a population of approximately one million). Once the service's product features have been refined and the Company's performance expectations have been achieved in this prototype market, the Company expects to implement a gradual roll-out to additional metropolitan markets in the United States. Priceline.com's new car sales service currently does not offer automobile financing. Because a significant majority of new car buyers finance their purchase, the Company intends to add a financing feature (both leasing and lending) to its program prior to a broader roll-out of the service, including a "budget worksheet" that will assist customers in determining what cars they can afford to purchase.

The Company's new car sales service accepts offers for every major brand of automobile. To purchase a new car through the priceline.com service, consumers name the price for a new car with specified model

options, and agrees to purchase such car from any factory authorized dealer within a specified geographic radius. To help consumers submit reasonable requests, both the manufacturer's suggested retail price and the dealer invoice price for the vehicles and options requested are displayed on the priceline.com Web site. Upon receiving an offer for a new car, priceline.com transmits the customer's offer to factory authorized dealers within the specified geographic radius, without disclosing the identity of the customer. Priceline.com directs the sale to the first dealer that notifies the Company that it is willing to accept the customer's offer. Priceline.com then notifies the customer to pick up the vehicle from that dealer and the transaction is closed directly between them.

Due to the numerous features and options on a new automobile, the range of product substitutability that consumers will accept is lower in the case of new cars than with airline tickets or hotels. As a result, a dealer that may not be able to precisely fulfill a customer's offer directly is permitted to make a counteroffer through priceline.com. The counteroffer may specify a different product package or price. The customer is free to accept or reject such a counteroffer. The customer also is permitted to submit an additional offer through priceline.com.

Once an offer for a new car is accepted by a dealer, the consumer completes the transaction directly with the dealer and receives the same standard manufacturer's warranty and other terms that are available with respect to any new car purchaser at that dealer. When a sale is completed, priceline.com is paid a fee (currently $25) from the customer and an additional fee from the auto dealer. If the customer fails to consummate the transaction within 14 business days of being notified that an offer is accepted, the customer is charged a cancellation fee (currently $200), half of which is payable to priceline.com with the other half payable to the dealer.

The Company believes that, for many consumers, purchasing an automobile through priceline.com's new car sales service will be a preferred purchasing method compared to traditional retail channels which often involve protracted negotiations with numerous dealers, some of which may utilize aggressive sales tactics. The Company also believes that many automobile dealers will view the priceline.com service as an attractive way to generate incremental sales through a low cost distribution channel.

The priceline.com new car sales service is differentiated from other Internet car sales services, which serve as lead generators for participating car dealers. Under such services, multiple dealers may contact the customer in response to the customer's inquiry to the Internet service. By contrast, priceline.com's new car sales service does not reveal the identity of the customer to the auto dealer until the dealer has accepted the customer's offer. Furthermore, in contrast to other Internet car sales services, dealers are not required to pay a participation fee to review offers from the priceline.com service.

ADAPTIVE MARKETING PROGRAMS

The Company has developed adaptive marketing programs to help bridge the gap between consumer offers and seller prices, provide users of the priceline.com service with other desired products, and generate additional revenue for the Company. These programs also serve as an integral part of the Company's strategy of building customer loyalty.

The Company intends to further develop and expand its adaptive marketing programs, which presently include two distinct initiatives. The first, which the Company refers to as "adaptive promotions," allows consumers to increase the amount of their offers (and thus their likelihood of success) at no additional cost by participating in sponsor promotions during the process of making a priceline.com offer. For example, a customer making an offer to buy an airline ticket can immediately increase the amount of his offer by $50 by applying online for a credit card. If the customer obtains the requested ticket, he still pays only the amount contained in his original offer. For example, if a customer makes an offer to purchase a round trip ticket from New York to Chicago for $200 and, in the process of submitting that offer, he applies for a credit card, the offer would be submitted at $250, but the customer would have to pay only $200 for the ticket.

The second type of adaptive marketing program is referred to as "adaptive cross selling" and utilizes cross selling of multiple products to increase the number of successful transactions. For example, a customer whose offer for an airline ticket was slightly below acceptable levels could be offered a second related product such as a hotel room reservation or a rental car day at a combined price that provided an acceptable margin for the sellers of both products and for the Company.

The Company's principal adaptive promotion offers consumers the ability to apply for a credit card issued by Capital One while submitting offers through priceline.com. Pursuant to a letter of intent with Capital One, the Company is paid a fee by Capital One for each qualifying credit card application. The Company currently is negotiating a definitive agreement with Capital One. The Company also offers an adaptive promotion for magazine subscriptions pursuant to a revenue sharing agreement with NewSub Services, Inc. ("NewSub Services"), a magazine subscription agent that is an affiliate of the Company's Founder and Vice Chairman, Mr. Jay S. Walker. Under the agreement with NewSub Services, the Company shares in a percentage of the revenues generated upon the conversion of priceline.com generated subscriptions to annual subscriptions after a six month free trial period.

MARKETING AND BRAND AWARENESS

The Company has established priceline.com as a leading e-commerce brand through an aggressive marketing and promotion campaign. From inception through September 30, 1998, the Company spent $15.9 million for sales and marketing expense. The Company intends to continue to pursue an aggressive marketing strategy designed to promote brand awareness and the concept that consumers can save money on a wide range of products and services through priceline.com. Underlying the Company's marketing strategy is the Company's belief that its target market is all consumers, not just Internet-savvy consumers. Substantially all of such spending has been for radio and newspaper advertising. The Company's campaign features the actor William Shatner as the Company's spokesperson.

The Company supplements its paid advertising and promotion with targeted media coverage. Priceline.com has been featured in hundreds of news stories in national publications such as THE NEW YORK TIMES, THE WALL STREET JOURNAL and USA TODAY, reflecting the intuitive appeal of the priceline.com business model and its strong word-of-mouth support. In addition, the Company engages in grass roots marketing such as promotional events on college campuses and co-promotions with popular media such as MTV.

The priceline.com service has achieved wide spread brand awareness. An independent research study conducted for the Company by the ORC, as of September 1998, found that, among adult Americans, the priceline.com "name your price" business proposition was the second most recognized e-commerce brand among the 13 leading brands included in the survey and one of the six most recognized Internet brands among the 25 leading brands included in the survey. ORC further found that, after only five months of operation, 62.5 million (or 32%) of all adult Americans were aware of the priceline.com "name your price" proposition. The Company's strong brand awareness has been achieved without any affiliation with an Internet portal company such as Yahoo! or Excite or a proprietary online service such as America Online. The Company also believes that it enjoys high levels of consumer satisfaction among users of its service who provide a powerful word-of-mouth endorsements.

STRATEGIC ALLIANCES

AIRLINE ALLIANCES AND RELATIONSHIPS

Priceline.com has entered into Airline Participation Agreements with four domestic and 12 international airlines. The Airline Participation Agreements do not commit the airlines to provide tickets for any particular routes or at a discount to their retail prices, but outline the terms and conditions under which ticket inventory provided by the airlines may be sold. Such terms and conditions include the following: (i) the tickets must be non-refundable, non-endorsable and non-changeable; (ii) all travel must be round-trip between the same two points of departure and return, with no stopovers permitted; (iii) the tickets are not eligible for frequent flyer mileage or upgrades; (iv) consumers must agree to accept up to

one stop or connection on both their departing and return flights; (v) consumers must be willing to fly on any participating airline; and (vi) consumers must be willing to depart at any time after 6 a.m. and land any time before 10 p.m. of day on the requested dates. In addition, all offers must be guaranteed with a major credit card, and the ability of consumers to make multiple offers with respect to the same travel itinerary is limited.

The Airline Participation Agreements are generally subject to termination upon 30 days' notice by priceline.com or the airline. The Company's agreement with Delta, however, (i) provides for a ten-year term, subject to (a) the right of Delta to terminate the agreement at any time after three years and upon a change in control of the Company (other than a change of control upon an initial public offering) and (b) the right of either party to terminate upon a material breach by the other party; and (ii) establishes an allocation protocol for selection of an airline to issue a ticket when there is more than one airline providing an acceptable fare.

In addition to the Airline Participation Agreements, the Company entered into a related agreement with Delta which provides, among other things, certain incentives designed to encourage Delta to increase its participation in priceline.com's buying service. For example, Delta is entitled to share in revenue generated from airline ticket sales on Delta if the Company's gross margin on such sales exceeds approximately 14% in any calendar quarter. In addition, the Company is required to use the highest qualifying fare to fulfill ticket requests allocable to Delta, subject to an agreed minimum profit margin to the Company. The agreement also requires the Company to obtain Delta's concurrence prior to including additional participants in priceline.com's airline service, subject to certain exemptions and qualifications. Delta also may require the exclusion of specific markets in order for certain other airlines to participate. Further, the Company is required to license its buyer-driven commerce system to Delta on a non-exclusive basis and on commercially reasonable terms under certain conditions. In addition, the Company's ability to transfer or license its intellectual property to other travel providers is limited in certain ways.

In connection with the Airline Participation Agreement with Delta, the Company also issued to Delta the Delta Warrant to purchase up to 15,114,083 shares of Common Stock at an exercise price of $1.156862 per share. The Delta Warrant vests subject to Delta's achieving certain predetermined levels of ticket sales.

MARKETING AGREEMENT FOR MORTGAGE SERVICES

In connection with the Company's home mortgage service, the Company has entered into a joint marketing relationship with LendingTree, an Internet based mortgage service provider. Under this arrangement, the Company is responsible for maintaining the mortgage service for the priceline.com Web site and for consumer marketing. LendingTree provides the back-end processing system, which presents the priceline.com offers to multiple mortgage lending institutions for consideration.

Under the terms of the Internet Marketing and Licensing Agreement, effective as of August 1, 1998, between the Company and LendingTree, the Company receives the majority of the net revenue generated by the mortgage program, and the balance is earned by LendingTree. LendingTree is responsible for providing (i) the substantive mortgage content of the mortgage service for the priceline.com Web site; (ii) a network of lenders to participate in the mortgage program; (iii) customer service; and (iv) the software required to effect a communication system between the Company, LendingTree and the participating lenders. LendingTree is also responsible for compliance with all regulations applicable to the mortgage program and products, including the maintenance of requisite broker licenses, registration, approvals and exemptions. The initial term of the agreement began on August 1, 1998, expires one year from the commencement of the priceline.com mortgage service and renews automatically thereafter. The agreement may be terminated by either party after the initial term expires, or immediately in the event that the other party materially breaches the agreement or becomes subject to a bankruptcy proceeding.

HOTEL ALLIANCES

In connection with the Company's hotel service, the Company has entered into letter agreements with eight hotel chains. The agreements generally provide for the hotels to supply the Company with competitive net rates for hotel properties included in the priceline.com service. Hotels must be of 2-star quality or higher, with priceline.com to make the final quality determination. These letter agreements do not require the hotels to provide any minimum level of inventory. In most cases the agreements are cancellable by either party at any time.

COMPETITION

The Company competes with both online and traditional sellers of the products and services offered on priceline.com. The market for selling products and services over the Internet is new, rapidly evolving and intensely competitive. Current and new competitors can launch new sites at a relatively low cost. In addition, the traditional retail industry for the products and services priceline.com offers is intensely competitive.

The Company currently or potentially competes with a variety of companies with respect to each product or service it offers. With respect to travel products, these competitors include: (i) Internet travel agents such as Travelocity, Preview Travel and Microsoft's Expedia.com; (ii) traditional travel agencies; (iii) consolidators and wholesalers of airline tickets and other travel products; (iv) individual airlines, hotels, rental car companies, cruise operators and other travel service providers; and (v) operators of travel industry reservation databases such as Worldspan and Sabre. The Company's current or potential competitors with respect to new automobiles include traditional and online auto dealers, including newly developing auto super stores such as Auto Nation, Auto-by-Tel and Microsoft's CarPoint. With respect to financial service products, priceline.com's competitors include: (i) banks and other financial institutions; (ii) online and traditional mortgage and insurance brokers, including Quicken Mortgage, E-Loan and Home Shark; and (iii) insurance companies.

The Company potentially faces competition from unanticipated alternatives to the priceline.com demand collection system from a number of large Internet companies and services that have expertise in developing online commerce and in facilitating Internet traffic, including America Online, Microsoft and Yahoo!, who could choose to compete with priceline.com either directly or indirectly through affiliations with other e-commerce companies. Other large companies with strong brand recognition, technical expertise and experience in Internet commerce could also seek to compete with the Company. Competition from these and other sources could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company believes that the principal competitive factors in its markets are brand recognition, price, Web site accessibility, ability to fulfill offers, customer service, reliability of delivery, ease of use, and technical expertise and capabilities. Many of the Company's current and potential competitors, including Internet directories and search engines and large traditional retailers, have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing, technical and other resources than the Company. Certain of these competitors may be able to secure products and services on more favorable terms than the Company. In addition, many of these competitors may be able to devote significantly greater resources to (i) marketing and promotional campaigns; (ii) attracting traffic to their Web sites; (iii) attracting and retaining key employees; and (iv) Web site and systems development, than the Company. Increased competition may result in reduced operating margins, loss of market share and damage the Company's brand. There can be no assurance that the Company will be able to compete successfully against current and future competitors or that competition will not have a material adverse effect on the Company's business, results of operations and financial condition.

OPERATIONS AND TECHNOLOGY

Priceline.com's business is supported by a state of the art systems platform, which was designed with an emphasis on scalability, performance and reliability. The Company's core demand collection and offer

processing systems are proprietary to the Company. The software platform and architecture are built on server-side Java, C++, and ISO standard SQL scripts integrated with an Oracle relational database system. This internal platform was designed to include open application protocol interfaces that can provide real-time connectivity to vendors in the range of industries in which the priceline.com operates. These include large global inventory systems, such as airline and hotel reservation systems (E.G., the Worldspan central reservation systems), and financial service providers, as well as individual inventory suppliers, such as auto dealers, individual hotels and hard goods merchants. The Company's Internet servers utilize Verisign digital certificates to help it conduct secure communications and transactions.

Priceline.com out-sources most of its call center and customer service functions, and uses a real-time interactive voice response system with transfer capabilities to the Company's call centers and customer service centers in Stamford, Connecticut; Columbus, Ohio; and Charlotte, North Carolina.

The Company's systems infrastructure, Web and database servers are hosted at Exodus Communications, Inc. ("Exodus") in Jersey City, New Jersey, which provides communication lines from multiple providers including UUNet and AT&T, as well as 24-hour monitoring and engineering support. Exodus has its own generator and multiple back-up systems in Jersey City. Priceline.com also maintains an uninterruptible power supply system and generator and redundant servers at its Stamford, Connecticut headquarters to provide service capability if the Exodus site fails.

While priceline.com primarily is an Internet business, it also offers phone service through its toll-free number, 1-800-Priceline. This service allows consumers who do not have access to a computer to phone in their orders. From launch to September 30, 1998, the Company has received approximately 15% of its airline ticket orders through its toll-free number. In addition, consumers who choose not to transmit their credit card information via the Internet have the option of submitting their credit card information through the phone service. The Company also uses its toll-free number to provide customer service.

INTELLECTUAL PROPERTY AND PROPRIETARY RIGHTS

The Company's business model is protected by a business process patent issued by the United States Patent and Trademark Office. While so-called business process patents are only now becoming widely understood by the general business community, a decision by the Court of Appeals for the Federal Circuit (the highest United States appellate court for patent-related appeals below the United States Supreme Court), recently affirmed the validity of patents covering software and implemented business processes. STATE STREET BANK & TRUST CO. V. SIGNATURE FINANCIAL GROUP, INC. (July 1998).

Priceline.com currently holds two issued United States patents, No. 5,794,207 and No. 5,797,127, as well as seventeen pending United States patent applications and one pending international patent application. The Company is in the process of filing at least ten more patent applications, with an ongoing program for identifying and protecting new inventions. Priceline.com's issued patent generally covers its core buyer-driven commerce process of using a computer to collect credit card-backed demand to present to multiple sellers, receiving acceptances or fulfillment of this demand, and using the credit card to provide a payment to the sellers. The pending patent applications are directed to various operational features of the system, as well as to product-specific enhancements.

While the Company believes that its core business method patent, together with its pending patent applications, help to protect the priceline.com business, there can be no assurance (i) that the business process patent can be successfully defended against challenges by third parties; (ii) that the pending patent applications will result in the issuance of valid patents; or (iii) competitors (or potential competitors) of the Company will not devise new methods of competing with the Company that are not covered by the Company's patent or patent applications. The Company has recently been notified that a third party intends to challenge its core business method patent. See "-- Legal Proceedings." In addition, the Company has recently learned of an Internet travel service that uses a customer-offer based transaction model.

The Company seeks to protect its copyrights, service marks, trademarks, trade dress and trade secrets through a combination of laws and contractual restrictions (such as confidentiality agreements). For example, the Company attempts to register its trademarks and service marks in the U.S. and internationally. However, effective trademark, service mark, copyright and trade secret protection may not be available in every country in which the Company's services are made available online.

The Company currently owns the Internet domain name "priceline.com." Domain names generally are regulated by Internet regulatory bodies. The relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is unclear. The Company, therefore, could be unable to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of its trademarks and other proprietary rights. See "Risk Factors -- Protection and Enforcement of Our Intellectual Property Rights."

GOVERNMENTAL REGULATION

The products and services offered through the priceline.com service are regulated by federal and state governments.

TRAVEL SERVICES

The Company is subject to the laws and regulations of a number of states governing the offer and/or sale of travel services. For example, Priceline Travel is registered as a "seller of travel" under the California Seller of Travel Act and is a member of the Airline Reporting Corporation. Priceline.com also will be making similar filings for registration and membership prior to consummation of this offering. In addition, a number of state travel laws and regulations require compliance with specific disclosure, bond and/or other requirements. All travel registrations are presently held by Priceline Travel. To the extent that such registrations can be transferred by merger, the Company intends to succeed to all such registrations by merging with Priceline Travel prior to the consummation of this offering. The Company expects to obtain all other required travel related registrations prior to the consummation of this offering.

NEW CAR SALES

A number of states have laws and regulations governing the registration and conduct of automobile dealers and brokers. Such laws generally provide that any person receiving direct or indirect compensation for selling automobiles or brokering automobile transactions must register as an automobile broker or dealer. Registration for automobile dealers/brokers may, among other things, require the registrant to maintain a physical office in the applicable state, a dealer lot zoned for automobile sales within the applicable state and/or a franchise agreement with the manufacturers of the automobiles to be sold. The Company believes that it is not subject to such automobile dealer/broker laws because priceline.com is a car buying service, and not a seller or broker of automobiles, operating on behalf of customers and participating dealers.

It is uncertain how automobile dealer and broker laws apply to the provision of automobile selling services offered through the Internet. The Company has been orally advised by representatives of a number of states that generally, no enforcement action will be initiated against Internet companies for non-compliance with such laws until clearer regulatory or legislative guidance is provided.

It is possible, however, that state regulatory bodies could take the view that priceline.com is subject to automobile broker and dealer laws, in which case they could attempt to require the Company to register as an automobile broker/dealer in the applicable states. Given the nature of the Company's business, any requirement to register under such laws could severely interfere with the conduct of the Company's business.

HOME MORTGAGES

Most states have laws and regulations governing the registration or licensing and conduct of persons providing mortgage brokerage services. Such laws and regulations also typically require certain consumer

protection disclosures, loan solicitation procedures and a variety of other practices throughout the various stages of the mortgage solicitation, application and approval process.

In addition to state law, mortgage brokerage services are heavily regulated by federal law. For example, the Real Estate Settlement Procedures Act ("RESPA"), prohibits the payment and receipt of mortgage loan referral fees. RESPA, however, does permit persons to be compensated for the fair market value of non-referral services actually rendered.

The Company expects to introduce its home mortgage service in the first quarter of 1999. LendingTree will serve as the mortgage broker and will provide all mortgage brokerage services. The Company will provide and maintain the home mortgage service on its Web site and will develop and purchase all advertising. LendingTree will compensate the Company for the fair market value of its non-referral services. The Company believes that offering the priceline.com home mortgage service does not require our registration under or compliance with the mortgage or similar brokerage laws of any jurisdiction. However, it is possible that one or more regulatory authorities could seek to enforce existing laws, or otherwise enact new legislation, requiring the Company's registration and compliance and could scrutinize the compensation arrangement between LendingTree and the Company under RESPA or other federal or state laws. Such action could severely interfere with the conduct of the priceline.com business.

LendingTree will provide the mortgage brokerage services offered through the priceline.com home mortgage service on the Company's Web site and will maintain the necessary and appropriate state registrations and licenses associated with LendingTree's provision of those mortgage brokerage services. If a federal or state regulatory authority, or an aggrieved customer, should in the future claim that LendingTree has failed to comply fully with applicable federal or state law requirements pertaining to LendingTree's provision of mortgage brokerage services, the priceline.com home mortgage service could be materially and adversely affected and the Company may be unable to continue to make its home mortgage services Web site available, either to residents of affected state(s) or on a national basis.

CONSUMER PROTECTION AND RELATED LAWS

All of the Company's services are subject to federal and state consumer protection laws and regulations prohibiting unfair and deceptive trade practices. The Company is also subject to related "plain language" statutes in place in many jurisdictions, which require the use of simple, easy to read, terms and conditions in contracts with consumers.

Although there are very few laws and regulations directly applicable to the protection of consumers in an online environment, it is possible that legislation will be enacted in this area and could cover such topics as permissible online content and user privacy (including the collection, use, retention and transmission of personal information provided by an online user). Furthermore, the growth and demand for online commerce could result in more stringent consumer protection laws that impose additional compliance burdens on online companies. Such consumer protection laws could result in substantial compliance costs and interfere with the conduct of the priceline.com business.

BUSINESS QUALIFICATION LAWS

Because the Company's service is available over the Internet in multiple states, and because the Company sells to numerous consumers resident in such states, such jurisdictions may claim that the Company is required to qualify to do business as a foreign corporation in each such state. The Company is qualified to do business in a limited number of states, and failure by the Company to qualify as a foreign corporation in a jurisdiction where the Company is required to do so could subject the Company to taxes and penalties for the failure to so qualify.

INTERNATIONAL EXPANSION

The Company intends to explore opportunities for expanding the priceline.com business into international markets. It is possible, however, that the priceline.com demand collection system will not be readily adaptable to regulatory environments of certain foreign jurisdictions. In addition, there are various other

risks associated with international expansion. They include language barriers, unexpected changes in regulatory requirements, trade barriers, problems in staffing and operating foreign operations, changes in currency exchange rates, difficulties in enforcing contracts and other legal rights, economic and political instability and problems in collection.

LEGAL PROCEEDINGS

The Company has received verbal notice of a third party's intent to file with the United States Patent and Trademark Office a request to declare an "interference" with the Company's core buyer-driven commerce business patent. An interference is requested when a patent applicant asserts claims that he or she is a prior inventor of subject matter covered by one or more claims in a third party issued patent or pending application. A successful interference action could prohibit the original patent holder from exploiting the invention entirely. The Company has received notice of the potential interference from the holder of two related United States Patent applications, one of which has since been issued as a patent. The Company is currently awaiting information from the Patent and Trademark Office regarding the status of the interference request. The Company has reviewed a published international patent application, based on the two United States patent applications, with outside intellectual property counsel and believes that there is no reasonable basis for the United States Patent and Trademark Office to declare an interference action, and, if an interference is declared, there is no reasonable basis to resolve such interference adversely. However, if an interference action is declared, the patent office could then seek to determine whether one or more of our patent claims were invalid. If an interference is subsequently resolved in a manner adverse to the Company, such declaration or resolution could prevent the Company from exploiting its business model through the priceline.com service or require us to obtain licenses from one or more other patent holders at a cost which may adversely affect our business.

From time to time the Company has been and expects to continue to be subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of third party intellectual property rights by the Company. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources. The Company is not aware of any legal proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on its business, financial condition or results of operations.

EMPLOYEES

Currently, the Company has 124 full-time employees. In addition, through an Intercompany Agreement with Walker Digital Corporation ("Walker Digital"), the Company receives a variety of services, including research and development, patent and other intellectual property services and technical support. The Company also employs independent contractors to support its customer service and system support functions. See "Certain Transactions."

The Company has never had a work stoppage and its employees are not represented by any collective bargaining unit. The Company considers its relations with its employees to be good. The Company's future success will depend, in part, on its ability to continue to attract, integrate, retain and motivate highly qualified technical and managerial personnel, for whom competition is intense.

FACILITIES

The Company's executive, administrative and operating offices are located in approximately 35,000 square feet of leased office space located in Stamford, Connecticut. The Company is subleasing this office space from Walker Digital on a month-to-month basis. The Company anticipates that it will require additional space within the next 12 months to accommodate its anticipated growth and that suitable office space will be available on commercially reasonable terms.

DIRECTORS AND EXECUTIVE OFFICERS

Set forth below is certain information regarding the directors and executive officers of the Company as of the date hereof. Service with the Company prior to July 1998 was rendered to the Company's predecessor, priceline.com LLC.

NAME	AGE	POSITION
Richard S. Braddock	57	Chairman and Chief Executive Officer
Jay S. Walker	43	Founder and Vice Chairman
Jesse M. Fink	41	Chief Operating Officer
Paul E. Francis	44	Chief Financial Officer
Mark Benerofe	39	Executive Vice President, Corporate Development
Timothy G. Brier	50	Executive Vice President, Travel
Melissa M. Taub	35	Senior Vice President, General Counsel and Secretary
Thomas P. D'Angelo	39	Vice President, Finance and Controller
Ralph M. Bahna(1)	56	Director
Paul J. Blackney(2)	52	Director
William E. Ford(2)	37	Director
Marshall Loeb(1)	69	Director
N.J. Nicholas, Jr(1)(2)	59	Director

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

RICHARD S. BRADDOCK has served as Chairman of the Board and Chief Executive Officer of the Company since July 1998. Since September 1997, he has served as the non-executive Chairman of True North Communications, Inc., from which he intends to resign effective January 31, 1999. From September 1996 to August 1997, he served as a special advisor to GAP LLC. He also served as Chief Executive Officer of Medco Containment Services during 1992. From 1973 to 1992, Mr. Braddock held a variety of positions at Citicorp and its principal subsidiary, Citibank, N.A., including President and Chief Operating Officer. Mr. Braddock also serves as a director of NewSub Services, Walker Digital, Eastman Kodak Company, E*Trade Group, Inc. and Cadbury Schweppes plc.

JAY S. WALKER is the Company's Founder and has served as Vice Chairman of the Board of the Company since August 1998. From inception through July 1998, he served as Chairman of the Board and Chief Executive Officer of the Company. Mr. Walker also is the Chairman of Walker Digital, which he founded in September 1994. In addition, he is the co-founder and non-executive Chairman of NewSub Services.

JESSE M. FINK has been the Chief Operating Officer of the Company since its inception. Since June 1996, he has served as Chief Operating Officer of Walker Digital. From November 1984 to June 1996, Mr. Fink served in various capacities with C.U.C. International, a membership marketing company that is now part of Cendant Corporation, including as a Divisional Senior Vice President--New Business Development.

PAUL E. FRANCIS has been the Chief Financial Officer of the Company since its inception. From April 1993 to February 1997, Mr. Francis was Executive Vice President--Finance and Administration, Chief Financial Officer and a member of the Board of Directors of Ann Taylor Stores Corporation, a specialty retailer of women's apparel. From 1986 to April 1993, Mr. Francis served in a variety of positions, including Managing Director in the Investment Banking Division, at Merrill Lynch & Co. and certain of its affiliates.

MARK BENEROFE has been Executive Vice President, Corporate Development, of the Company since August 1998. He also has been Chief Marketing Officer of Walker Digital since August 1998. From 1996 to 1998, Mr. Benerofe was Senior Vice President, Entertainment Programming & Systems Development, of Sony Online Entertainment, an entertainment and electronics company. From 1993 to 1998, he was a partner in Vortex Communications, a strategic marketing and product development service for online commerce, and from 1993 to 1994, he was the Director of Interactive Media at Microsoft.

TIMOTHY G. BRIER has been an Executive Vice President, Travel of the Company since its inception, and the President of Priceline Travel since June 1998. In 1994, Mr. Brier co-founded CAP Systems, a division of NewSub Services that provides affinity marketing programs to airlines, and served as its President from 1995 to 1998. From 1990 to 1995, he was Vice President of Marketing for Continental Airlines. From 1988 to 1990, Mr. Brier was Vice President of Marketing Planning for Pan American World Airways and from 1985 to 1988 was Vice President of Marketing for TWA.

MELISSA M. TAUB has been Senior Vice President, General Counsel and Secretary of the Company since September 1998. Prior to joining the Company, Ms. Taub practiced law in the Business Clients Department of Cummings & Lockwood, a law firm with its principal office located in Stamford, Connecticut, serving as a partner from January 1998 to September 1998 and an associate from 1989 to December 1997.

THOMAS P. D'ANGELO has been Vice President, Finance and Controller of the Company since October 1997. From April 1993 to October 1997, he was Chief Financial Officer of Direct Travel, Inc., a corporate travel agency.

RALPH M. BAHNA has served as a director of the Company since July 1998. Since 1992, Mr. Bahna has been the President of Masterworks Development Corp., a company he founded to develop a chain of hotels named Club Quarters-TM-. From 1980 to 1989, Mr. Bahna served as the Chief Executive Officer of Cunard Lines, Ltd., and the Cunard Group of Companies.

PAUL J. BLACKNEY has served as a director of the Company since July 1998. Since January 1998, he has been the Chairman of XTRA On-Line Corporation, a business to business desktop booking system. Since September 1993, he has been the Chairman and President of Galileo Japan. From September 1993 to September 1997, Mr. Blackney served as President and Chief Executive Officer of Apollo Travel Services Partnership, an airline central reservation system, and from March 1990 to September 1993, he served as Senior Vice President of Operations at Covia, an airline central reservation system.

WILLIAM E. FORD has served as a director of the Company since July 31, 1998. He is a Managing Member of GAP LLC, a private equity fund that invests in software and information technology companies, where he has served since 1991. Mr. Ford also serves as a director of GT Interactive Software Corp., an interactive entertainment software company; MAPICS, Inc., a resources planning software applications company; Envoy Corporation, an electronic data processing company; LHS Group Inc., a billing solutions company; E*Trade Group, Inc., an online discount broker; Eclipsys Corporation, a provider of clinical, financial and administrative software solutions to the healthcare industry; and several private information technology companies. Mr. Ford serves on the Company's Board of Directors as the designee of GAP LLC pursuant to the terms of the Series A Convertible Preferred Stock. He also serves as a director of NewSub Services.

MARSHALL LOEB has served as a director of the Company since July 1998. He is the Editor of the COLUMBIA JOURNALISM REVIEW and the author of MARSHALL LOEB'S LIFETIME FINANCIAL STRATEGIES. Mr. Loeb also is the broadcast commentator for the CBS Radio Network "Your Dollars" program. Mr. Loeb is a member of the Board of Overseers for the Stern School of Business at New York University, the Chairman of the Advisory Board of the Bagehot Fellows Program at Columbia University. From 1994 to 1996, he was a columnist for FORTUNE and from 1986 to 1994, he served as the Managing Editor of FORTUNE magazine. From 1980 to 1984, he also was Managing Editor of MONEY magazine. Mr. Loeb also has served as the Business Editor, Nation Editor and Economics Editor of TIME magazine.

N. J. NICHOLAS, JR. has served as a director of the Company since July 1998. From 1990 to 1992, he was the co-Chief Executive Officer of Time Warner Inc. and from 1986 to 1990 he was President of Time Inc. He also is a director of the Bankers Trust New York Corporation, Boston Scientific Corporation, Xerox Corporation and BT Capital Partners. He also serves on the boards of several privately owned media companies and is Chairman of the Advisory Board of the Columbia University Graduate School of Journalism.

BOARD COMMITTEES

The Company's Board of Directors has an Audit Committee and a Compensation Committee. The Audit Committee of the Board consists of Messrs. Paul J. Blackney, William E. Ford and N.J. Nicholas, Jr. The Audit Committee reviews the Company's financial statements and accounting practices, makes recommendations to the Board regarding the selection of independent auditors and reviews the results and scope of the audit and other services provided by the Company's independent auditors. The Compensation Committee of the Board consists of Messrs. Ralph M. Bahna, Marshall Loeb and N.J. Nicholas, Jr. The Compensation Committee makes recommendations to the Board concerning salaries and incentive compensation for the Company's officers and employees and administers the Company's employee benefit plans.

DIRECTOR COMPENSATION

Directors who are also employees of the Company receive no compensation for serving on the Board of Directors. With respect to Directors who are not employees of the Company ("Non-Employee Directors"), the Company reimburses such directors for all travel and other expenses incurred in connection with attending Board of Directors and committee meetings. Non-Employee Directors are also eligible to receive stock option grants under the 1997 Omnibus Plan. Pursuant to such plan, Messrs. Bahna, Blackney, Ford and Loeb received grants of 25,000 options each in December 1998. Such options have vested and are exercisable at any time at an exercise price of $4.00 per share, subject to certain restrictions described under "Shares Eligible for Future Sale."

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the members of the Compensation Committee of the Board is an officer or employee of the Company. No executive officer of the Company serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on the Company's Compensation Committee.

SUMMARY OF COMPENSATION

The following Summary Compensation Table sets forth information concerning compensation earned in the fiscal year ended December 31, 1998, by the Company's Chief Executive Officer and its other four most highly compensated executive officers (the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION			LONG TERM COMPENSATION		
NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	OTHER ANNUAL COMPENSATION ($)	RESTRICTED STOCK AWARD(S) ($)	NUMBER OF SECURITIES UNDERLYING OPTION/ SARS (#)	ALL OTHER COMPENSATION ($)
Richard S. Braddock(1)..... Chairman and Chief Executive Officer	1998	112,500	0	0	0	5,000,000	(3)
Jay S. Walker(2)..... Vice Chairman and Founder	1998	250,000	0	0	0	1,212,000	0
Jesse M. Fink..... Chief Operating Officer	1998	227,083	0	0	0	1,955,000	1,028(5)
Paul E. Francis..... Chief Financial Officer	1998	225,000(4)	0	0	0	828,000	413(5)
Timothy G. Brier..... Executive Vice President	1998	177,083	72,917	0	0	1,602,500	6,789(5)

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(1) Mr. Braddock commenced serving as Chairman and Chief Executive Officer in July 1998.

(2) Mr. Walker served as Chairman and Chief Executive Officer of priceline.com LLC since its formation, and of the Company until July 1998.

(3) Excludes the grant to Mr. Braddock in July 1998 of a profits interest with respect to 6,500,000 units in the Company's predecessor, priceline.com LLC, which units were converted into an equivalent number of shares of Common Stock.

(4) Includes distributions as a member in the Company's predecessor, priceline.com LLC.

(5) Represents life insurance premiums (and, in the case of Mr. Fink, disability insurance premiums) paid for the fiscal year.

STOCK OPTIONS

The following table sets forth information concerning the grant of stock options to each of the Named Executive Officers during the fiscal year ended December 31, 1998.

OPTION GRANTS IN LAST FISCAL YEAR

	INDIVIDUAL GRANTS (1)				
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (#)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE ($/SH)	EXPIRATION DATE	GRANT DATE PRESENT VALUE ($)(2)
Richard S. Braddock.....	5,000,000	30.6	1.00	6/1/2008	812,579
Jay S. Walker.....	1,212,000	7.4	1.00	6/1/2008	196,969
Jesse M. Fink.....	1,955,000	12.0	1.00	6/1/2008	317,718
Paul E. Francis.....	828,000	5.1	1.00	6/1/2008	139,563
Timothy G. Brier.....	1,602,500	9.8	1.00	6/1/2008	260,431

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(1) Options become exercisable as follows: (i) with respect to Mr. Braddock: (a) 2 million shares upon consummation of this offering and (b) 3 million shares on the earliest to occur of (x) the Company having a public market capitalization of $750 million for five consecutive trading days, (y) the Company having pre-tax operating income of $30 million or more over a twelve-month period

occurring over four consecutive fiscal quarters or (z) August 15, 2007; (ii) with respect to Mr. Walker: (a) one million shares are vested, but are not exercisable until expiration of the lock-up period, (b) 106,000 shares will vest on June 1, 1999, but are not exercisable until expiration of the lock-up period and (c) the remainder of the shares vest on June 1, 2000; (iii) with respect to Mr. Fink: (a) 1,200,000 shares are vested, but are not exercisable until expiration of the lock-up period, (b) 500,000 shares will vest on June 1, 1999, but are not exercisable until expiration of the lock-up period and (c) the remainder of the shares vest on June 1, 2000; (iv) with respect to Mr. Francis, (a) 300,000 shares are vested, but are not exercisable until expiration of the lock-up period, (b) 300,000 shares will vest on June 1, 1999, but are not exercisable until expiration of the lock-up period and (c) the remainder of the shares vest on June 1, 2000; and (v) with respect to Mr. Brier: (a) 750,000 shares are vested, but are not exercisable until expiration of the lock-up period, (b) 500,000 shares will vest on June 1, 1999, but that are not exerciseable until expiration of the lock-up period and (c) the remainder of the shares vest on June 1, 2000.

(2) Based on Black-Scholes pricing model, using a discount rate of 6 percent, an expected life of 3 years, no dividends and no volatility.

EXERCISE OF OPTIONS AND YEAR-END VALUES

The following table sets forth information concerning the exercise of stock options during the fiscal year ended December 31, 1998 by each of the Named Executive Officers and the fiscal year-end value of unexercised options.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

NAMES	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ($)	NUMBER OF SHARES UNDERLYING UNEXERCISED OPTIONS/SARS AT FY-END (#) EXERCISABLE/ UNEXERCISABLE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS/SARS AT FY-END ($) (1) EXERCISABLE/ UNEXERCISABLE
Richard S. Braddock	0	0	0/5,000,000	0/15,000,000
Jay S. Walker	0	0	0/1,212,000	0/3,636,000
Jesse M. Fink	0	0	0/1,955,000	0/5,865,000
Paul E. Francis	0	0	0/828,000	0/2,484,000
Timothy G. Brier	0	0	0/1,602,500	0/4,807,500

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(1) Assumes a fiscal year-end market price of $4.00 per share.

STOCK BASED PLANS

Pursuant to the priceline.com Incorporated 1997 Omnibus Plan (the "1997 Omnibus Plan"), the Company has granted awards of options to certain officers, other employees, consultants and directors of the Company. The maximum number of shares of Common Stock reserved for the grant or settlement of awards under the 1997 Omnibus Plan is 19,100,000 subject to adjustment as provided therein. Of such number 17,419,375 options covering shares of Common Stock were outstanding under the 1997 Omnibus Plan as of December 23 1998. Prior to the consummation of this offering, the Company intends to establish the priceline.com Incorporated 1999 Omnibus Plan (the "1999 Omnibus Plan"), pursuant to which awards will be made to certain officers, other employees, consultants and directors of the Company from time to time following the consummation of this offering. The maximum number of shares of Common Stock reserved for the grant or settlement of awards under the 1999 Omnibus Plan will be 7.5 million subject to adjustment.

PRICELINE.COM INCORPORATED 1997 OMNIBUS PLAN

The 1997 Omnibus Plan was ratified and approved by the Board of Directors of the Company and by the Board of Managers and the members of priceline.com LLC in 1997. The 1997 Omnibus Plan is intended to promote the long term financial interests and growth of the Company by providing employees,

officers, directors and consultants of the Company with appropriate incentives and rewards to enter into and continue in the employ of, or their relationship with, the Company and to acquire a proprietary interest in the long-term success of the Company; and to reward the performance of individual officers, other employees, consultants and directors in fulfilling their responsibilities for long-range achievements.

GENERAL

The 1997 Omnibus Plan provides for the granting of awards to such officers, other employees, consultants and directors of the Company and its affiliates as the Compensation Committee, which is the committee of the Board appointed to administer the 1997 Plan, may select from time to time. Awards under the 1997 Plan, may be made in the form of Options, Tandem SARs, Stand-Alone SARs, Restricted Stock, Phantom Stock, Stock Bonuses or Other Awards.

If any shares subject to an award are forfeited, cancelled, exchanged or surrendered or if an award otherwise terminates or expires without a distribution of shares to the holder of such award, the shares of Common Stock with respect to such award will, to the extent of any such forfeiture, cancellation, exchange, surrender, termination or expiration, again be available for awards under the 1997 Omnibus Plan.

In the event that the Compensation Committee determines that any dividend or other distribution (whether in the form of cash, Common Stock, or other property), recapitalization, stock split, reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other similar corporate transaction or event, affects the Common Stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of holders of awards under the 1997 Omnibus Plan, then the Compensation Committee will make such equitable changes or adjustments as it deems necessary or appropriate to any or all of (i) the number and kind of shares of Common Stock or other property (including cash) that may thereafter be issued in connection with awards, (ii) the number and kind of shares of Common Stock or other property (including cash) issued or issuable in respect of outstanding awards and (iii) the exercise price, grant price, or purchase price relating to any award; provided that, with respect to Incentive Stock Options, such adjustment shall be made in accordance with Section 424(h) of the Code.

ADMINISTRATION

The 1997 Omnibus Plan will be administered by the Compensation Committee. The Compensation Committee has the authority in its sole discretion, subject to and not inconsistent with the express provisions of the 1997 Omnibus Plan, to administer the 1997 Omnibus Plan and to exercise all the powers and authorities either specifically granted to it under, or necessary or advisable in the administration of, the 1997 Omnibus Plan, including, without limitation, the authority to grant awards; to determine the persons to whom and the time or times at which awards shall be granted; to determine the type and number of awards to be granted, the number of shares of Common Stock to which an award may relate and the terms, conditions, restrictions and performance goals relating to any award; to determine whether, to what extent, and under what circumstances an award may be settled, canceled, forfeited, exchanged, or surrendered; to make adjustments in the performance goals in recognition of unusual or non-recurring events affecting the Company or the financial statements of the Company (to the extent not inconsistent with Section 162(m) of the Code, if applicable), or in response to changes in applicable laws, regulations, or accounting principles; to construe and interpret the 1997 Omnibus Plan and any award; to prescribe, amend and rescind rules and regulations relating to the 1997 Omnibus Plan; to determine the terms and provisions of agreements evidencing awards; and to make all other determinations deemed necessary or advisable for the administration of the 1997 Omnibus Plan.

The Compensation Committee may, in its absolute discretion, without amendment to the 1997 Omnibus Plan, (a) accelerate the date on which any Option or Stand-Alone SAR granted under the 1997 Omnibus Plan becomes exercisable, waive or amend the operation of provisions respecting exercise after

termination of employment or otherwise adjust any of the terms of such Option or Stand-Alone SAR, (b) accelerate the vesting or waive any condition imposed with respect to any Restricted Stock, Phantom Stock or Other Awards and (c) otherwise adjust any of the terms applicable to any award.

AWARDS UNDER THE 1997 OMNIBUS PLAN

STOCK OPTIONS; STOCK APPRECIATION RIGHTS

Unless otherwise determined by the Compensation Committee, Options granted pursuant to the 1997 Omnibus Plan will become exercisable ratably over three years commencing on the first anniversary of the date of grant, but in no event may an Option be exercised more than 10 years following the date of its grant. The purchase price per share payable upon the exercise of an Option (the "option exercise price") will be established by the Compensation Committee; PROVIDED, HOWEVER, that Incentive Stock Options may not have an exercise price less than the fair market value of a share of Common Stock on the date of grant. The option exercise price is payable by any one of the following methods or a combination thereof, to the extent permitted by the Compensation Committee: (i) in cash or by personal check, certified check, bank cashier's check or wire transfer; (ii) subject to the approval of the Compensation Committee, in Stock owned by the participant for at least six months prior to the date of exercise and valued at their fair market value on the effective date of such exercise; or (iii) subject to the approval of the Compensation Committee, by such other provision as the Compensation Committee may from time to time authorize.

The Compensation Committee also has the authority to specify, at the time of grant or, with respect to Options that are not intended to qualify as Incentive Stock Options ("Non-Qualified Stock Options"), at or after the time of grant, that a participant shall be granted a new Non-Qualified Stock Option (a "Reload Option") for a number of shares of Common Stock equal to the number of shares of Common Stock surrendered by the participant upon exercise of all or a part of an Option in the manner described above, subject to the availability of Common Stock under the 1997 Omnibus Plan at the time of such exercise; provided, however, that no Reload Option shall be granted to a nonemployee director. Reload Options shall be subject to such conditions as may be specified by the Compensation Committee in its discretion, subject to the terms of the 1997 Omnibus Plan.

Stock appreciation rights ("SARs") may be granted alone ("Stand-Alone SARs") or in tandem ("Tandem SARs") with Options. An SAR is a right to be paid an amount in cash for each share of Common Stock subject to the SAR equal to the excess of the fair market value of a share of Common Stock on the date the SAR is exercised over either the fair market value of a share of Common Stock on the date of grant (in case of a Stand-Alone SAR) or the exercise price of the related stock option (in case of a Tandem SAR).

RESTRICTED STOCK; PHANTOM STOCK

A restricted stock award is an award of Common Stock ("Restricted Stock") and a phantom stock award is an award of the right to receive cash or Common Stock ("Phantom Stock") at a future date, in each case, that is subject to such restrictions on transferability and other restrictions, if any, as the Committee may impose at the date of grant or thereafter, which restrictions may lapse separately or in combination at such times, under such circumstances (including without limitation a specified period of employment or the satisfaction of preestablished performance goals, when granted to executive officers), in such installments, or otherwise, as the Compensation Committee may determine. The Compensation Committee may grant Restricted Stock or Phantom Stock to such persons, in such amounts, and subject to such terms and conditions as the Compensation Committee may determine in its discretion; provided, however, that shares of Restricted Stock and Phantom Stock granted to executive officers may vest upon the attainment of performance goals pre-established by the Compensation Committee, based on one or more of the following criteria: return on total owner equity; earnings per share; pre-tax income or after-tax

income; revenue; return on assets; increases in EBITDA; or such other criteria as the stockholders of the Company may approve.

OTHER AWARDS

Upon a determination by the Compensation Committee, an executive officer may receive awards of shares of Common Stock. In addition, other awards valued in whole or in part by reference to, or otherwise based on, Common Stock may be granted either alone or in addition to other awards under the 1997 Omnibus Plan ("Other Awards"). Subject to the provisions of the 1997 Omnibus Plan, the Compensation Committee will have the sole and complete authority to determine the persons to whom and the time or times at which such Other Awards will be granted, the number of shares of Common Stock to be granted pursuant to such Other Awards and all other conditions of such Other Awards.

AMENDMENT; TERMINATION

The Board of Directors or the Compensation Committee may suspend, revise, terminate or amend the 1997 Omnibus Plan at any time; PROVIDED, HOWEVER, that (i) shareholder approval will be obtained if and to the extent required under Rule 16b-3 promulgated under the Exchange Act or if and to the extent the Board determines that such approval is required for purposes of satisfying Section 162(m) or Section 422 of the Code and (ii) no such suspension, revision, termination or amendment may, without the consent of a participant, reduce the participant's rights under any outstanding award.

NEW 1997 PLAN BENEFITS

The Company intends to grant additional awards under the 1997 Omnibus Plan up to the maximum number of shares currently reserved for the grant or settlement of awards under the 1997 Plan. See "Option Grants in Last Fiscal Year" for the name, position and grant information for 1997 Omnibus Plan participants who were granted awards thereunder during fiscal year 1998.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a brief summary of the principal United States federal income tax consequences under current federal income tax laws relating to awards under the 1997 Omnibus Plan. This summary is not intended to be exhaustive and, among other things, does not describe state, local or foreign income and other tax consequences.

NON-QUALIFIED STOCK OPTIONS

An optionee will not recognize any taxable income upon the grant of a Non-Qualified Stock Option. The Company will not be entitled to a tax deduction with respect to the grant of a Non-Qualified Stock Option. Upon exercise of a Non-Qualified Stock Option, the excess of the fair market value of the Common Stock on the exercise date over the option exercise price will be taxable as compensation income to the optionee and will be subject to applicable withholding taxes. The Company will generally be entitled to a tax deduction at such time in the amount of such compensation income. The optionee's tax basis for the Common Stock received pursuant to the exercise of a Non-Qualified Stock Option will equal the sum of the compensation income recognized and the exercise price.

In the event of a sale of Common Stock received upon the exercise of a Non-Qualified Stock Option, any appreciation or depreciation after the exercise date generally will be taxed as capital gain or loss.

INCENTIVE STOCK OPTIONS

An optionee will not recognize any taxable income at the time of grant or timely exercise of an Incentive Stock Option and the Company will not be entitled to a tax deduction with respect to such grant

or exercise. Exercise of an Incentive Stock Option may, however, give rise to taxable compensation income subject to applicable withholding taxes, and a tax deduction to the Company, if the Incentive Stock Option is not exercised on a timely basis (generally, while the optionee is employed by the Company or within 90 days after termination of employment) or if the optionee subsequently engages in a "disqualifying disposition," as described below.

A sale or exchange by an optionee of shares acquired upon the exercise of an Incentive Stock Option more than one year after the transfer of the shares to such optionee and more than two years after the date of grant of the Incentive Stock Option will result in any difference between the net sale proceeds and the exercise price being treated as long-term capital gain (or loss) to the optionee. If such sale or exchange takes place within two years after the date of grant of the Incentive Stock Option or within one year from the date of transfer of the Incentive Stock Option shares to the optionee, such sale or exchange will generally constitute a "disqualifying disposition" of such shares that will have the following results: any excess of (a) the lesser of (i) the fair market value of the shares at the time of exercise of the Incentive Stock Option and (ii) the amount realized on such disqualifying disposition of the shares over (b) the option exercise price of such shares, will be ordinary income to the optionee, subject to applicable withholding taxes, and the Company will be entitled to a tax deduction in the amount of such income. Any further gain or loss after the date of exercise generally will qualify as capital gain or loss and will not result in any deduction by the Company.

STOCK APPRECIATION RIGHTS

The grant of stock appreciation rights has no federal income tax consequences at the time of grant. Upon the exercise of stock appreciation rights, the amount received is generally taxable as ordinary income, and the Company is entitled to a corresponding deduction.

RESTRICTED STOCK

A grantee will not recognize any income upon the receipt of Restricted Stock unless the holder elects under Section 83(b) of the Code, within thirty days of such receipt, to recognize ordinary income in an amount equal to the fair market value of the Restricted Stock at the time of receipt, less any amount paid for the shares. If the election is made, the holder will not be allowed a deduction for amounts subsequently required to be returned to the Company. If the election is not made, the holder will generally recognize ordinary income, on the date that the restrictions to which the Restricted Stock are subject are removed, in an amount equal to the fair market value of such shares on such date, less any amount paid for the shares. At the time the holder recognizes ordinary income, the Company generally will be entitled to a deduction in the same amount.

Generally, upon a sale or other disposition of Restricted Stock with respect to which the holder has recognized ordinary income (I.E., a Section 83(b) election was previously made or the restrictions were previously removed), the holder will recognize capital gain or loss in an amount equal to the difference between the amount realized on such sale or other disposition and the holder's basis in such shares.

RESTRICTED STOCK UNITS

The grant of Restricted Stock Units has no federal income tax consequences at the time of grant. Upon the receipt of payment, the amount received is generally taxable as ordinary income, and the Company is entitled to a corresponding deduction.

OTHER TYPES OF AWARDS

The grant of any other stock-based award generally will not result in income for the grantee or in a tax deduction for the Company. Upon the settlement of such an award, the grantee will recognize ordinary

income equal to the aggregate value of the payment received, and the Company generally will be entitled to a tax deduction in the same amount.

EMPLOYMENT ARRANGEMENTS

BRADDOCK EMPLOYMENT AGREEMENT. Pursuant to an employment agreement, dated as of August 15, 1998, between the Company and Mr. Richard M. Braddock (the "Braddock Employment Agreement"), Mr. Braddock serves as the Chairman and Chief Executive Officer of the Company through August 15, 2001. While the Braddock Employment Agreement requires that Mr. Braddock devote a majority of his working time to the Company, it also permits him to retain his current position as non-executive Chairman of True North Communications, Inc. Mr. Braddock has, however, indicated that he intends to resign from True North Communications, Inc. effective as of January 31, 1999, and to serve as the Chairman and Chief Executive Officer of the Company on a full-time basis for the remainder of the term of the Braddock Employment Agreement. Pursuant to an agreement in principle entered into July 10, 1998, by and between the Company and Mr. Braddock in anticipation of entering into the Braddock Employment Agreement, Mr. Braddock received 6,500,000 equity units in the Company's predecessor, which have since been converted into 6,500,000 shares of Common Stock. Under the terms of the Braddock Employment Agreement, Mr. Braddock is entitled to an initial annual base salary of $300,000, subject to annual adjustment, and is eligible to participate in any cash bonus program that may be introduced by the Company. The Company also granted Mr. Braddock an option to purchase up to 5,000,000 shares of Common Stock at an exercise price of $1.00 per share, subject to standard anti-dilution adjustments. The option will become exercisable with respect to 2,000,000 of such shares upon consummation of this offering and will become exercisable with respect to the remaining 3,000,000 shares on the earliest to occur of (i) the Company having a public market capitalization of $750 million for five consecutive trading days, (ii) the Company having pre-tax operating income of $30 million or more over a twelve-month period occurring over four consecutive fiscal quarters, or (iii) August 15, 2007, subject, in each case, to acceleration or cancellation under certain circumstances in connection with the termination of Mr. Braddock's employment. In connection with the execution of the Braddock Employment Agreement, Mr. Braddock also received an option to purchase an equity interest in Walker Digital from Walker Digital.

FINK EMPLOYMENT AGREEMENT. Pursuant to an employment agreement, dated as of January 1, 1998, as amended (the "Fink Employment Agreement"), among the Company, Walker Digital, Mr. Jay M. Walker and Mr. Jesse M. Fink, Mr. Fink serves as the Chief Operating Officer of both the Company and Walker Digital for a term expiring January 1, 2001. Under the terms of the Fink Employment Agreement, Mr. Fink is entitled to an annual base salary of $225,000, subject to annual adjustment, and is eligible to participate in any cash bonus program that may be introduced by the Company. Payment of Mr. Fink's salary is allocated between the Company and Walker Digital as mutually agreed. In addition, Mr. Fink was issued 2,700,000 equity units in the priceline.com LLC, which units have since been converted into 2,700,000 shares of Common Stock. The Company also granted Mr. Fink an option to purchase up to 1,955,000 shares of Common Stock at an exercise price of $1.00 per share, subject to standard anti-dilution adjustments. The option (i) currently is vested for 1,200,000 of such shares that are not exercisable until expiration of the lock-up period, (ii) will vest for an additional 500,000 of such shares on June 1, 1999 that are not exercisable until expiration of the lock-up period and (iii) will become exercisable for the balance of such shares on June 1, 2000, subject in each case, to acceleration or cancellation under certain circumstances in connection with the termination of his employment. Under the terms of the Fink Employment Agreement, Mr. Fink also is entitled to additional compensation from Walker Digital and Mr. Walker. In addition, the Fink Employment Agreement provides that, upon the mutual agreement of Mr. Fink and Mr. Walker, Mr. Fink may be employed by an entity controlled by Jay Walker, other than the Company or Walker Digital.

BRIER EMPLOYMENT AGREEMENT. Pursuant to an employment agreement, dated as of July 23, 1998, as amended, (the "Brier Employment Agreement"), among the Company and Mr. Timothy G. Brier,

Mr. Brier serves as an Executive Vice President of the Company and as the President of Priceline Travel, Inc., through December 31, 2000. Under the terms of the Brier Employment Agreement, Mr. Brier is entitled to an annual base salary of $250,000, and until April 6, 1999, is entitled to receive cash bonuses based upon the number of airlines and consolidators that participate in the priceline.com service. Under certain circumstances, Mr. Brier may also be entitled to a compensatory bonus that is designed to ensure that his aggregate annual compensation for services rendered to the Company and CAP Systems, another entity affiliated with Mr. Walker for which Mr. Brier continues to provide services, equals $500,000. In addition, Mr. Brier was issued 1,200,000 equity units in priceline.com LLC, which have since been converted into 1,200,000 shares of Common Stock. The Company also granted Mr. Brier an option to purchase up to 1,602,500 shares of Common Stock at an exercise price of $1.00 per share, subject to standard anti-dilution adjustments. The option (i) currently is vested for 750,000 of such shares that are not exercisable until expiration of the lock-up period, (ii) will vest for an additional 500,000 of such shares on June 1, 1999 that are not exercisable until expiration of the lock-up period and (iii) will become exercisable for the balance of such shares on June 1, 2000, subject, in each case, to acceleration or cancellation under certain circumstances in connection with the termination of Mr. Brier's employment.

NEW CHIEF OPERATING OFFICER

The Company recently has retained a recruitment firm to assist in the search for a new Chief Operating Officer to replace Mr. Jesse M. Fink. Upon finding a suitable replacement, Mr. Fink intends to resign as the Chief Operating Officer of the Company, but will continue in his current position as the Chief Operating Officer of Walker Digital. Mr. Fink may, however, provide services to the Company in a different capacity.

INDEMNIFICATION OF DIRECTORS AND EXECUTIVE OFFICERS AND LIMITATION OF LIABILITY

Section 145 of the Delaware General Corporation Law ("DGCL") authorizes a corporation's board of directors to grant indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act.

As permitted by the DGCL, the Company's Certificate of Incorporation includes a provision that eliminates the personal liability of its directors for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders; (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (iii) under section 174 of the DGCL (regarding unlawful dividends and stock purchases) or (iv) for any transaction from which the director derived an improper personal benefit.

As permitted by the DGCL, the Company's By-Laws, provide that (i) the Company is required to indemnify its directors and officers to the fullest extent permitted by the Delaware General Corporation Law, subject to certain very limited exceptions; (ii) the Company is permitted to indemnify its other employees to the extent that it indemnifies its officers and directors, unless otherwise required by law, its Certificate of Incorporation, its By-Laws or agreements; (iii) the Company is required to advance expenses, as incurred, to its directors and officers in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to certain very limited exceptions; and (iv) the rights conferred in the By-Laws are not exclusive.

CERTAIN EQUITY TRANSACTIONS

In February 1998, a partnership affiliated with GAP LLC, purchased 2,283,900 equity units in the Company's predecessor, priceline.com LLC, for an aggregate purchase price of $2.0 million, which units were converted into an equal number of shares of Common Stock. In addition, these shares of Common Stock may be exchanged under certain circumstances for shares of common stock of NewSub Services or Walker Digital held by Mr. Jay S. Walker.

In July 1998, the Company raised gross proceeds of $20,000,000 by completing a private placement of an aggregate of 17,288,684 shares of Series A Convertible Preferred Stock, par value $0.01 per share, of the Company (the "Series A Convertible Preferred Stock") to two partnerships affiliated with GAP LLC. In connection with the consummation of this transaction, the Company granted certain registration rights to two partnerships affiliated with GAP LLC, Mr. Jay S. Walker, Walker Digital, the Jay Walker Irrevocable Credit Trust, Mr. Richard S. Braddock (Mr. Walker, the Jay Walker Irrevocable Credit Trust, Walker Digital and Mr. Braddock are collectively referred to as the "Major Stockholders") and certain other stockholders of the Company. In addition, the Company entered into a Stockholders Agreement (the "Stockholders Agreement") with two partnerships affiliated with GAP LLC, the Major Stockholders, Mr. Jesse M. Fink, Mr. Paul E. Francis, Mr. Timothy G. Brier, Mr. Ralph M. Bahna, a trust affiliated with Mr. N.J. Nicholas, Jr. and certain other stockholders of the Company. By its terms, the Stockholders Agreement will terminate upon consummation of this offering. The Series A Convertible Preferred Stock is automatically convertible (subject to anti-dilution adjustment) into an equal number of shares of Common Stock upon the consummation of this offering. See "Description of Capital Stock -- Registration Rights."

In December 1998, the Company raised gross proceeds of $55,350,000 by completing a private placement of an aggregate of 13,837,500 shares of Series B Convertible Preferred Stock to a group of corporate and institutional investors and high net worth individuals, including two partnerships affiliated with GAP LLC, Vulcan, Liberty PL, Inc. (a wholly owned subsidiary of Liberty Media Corporation), Quantum Industrial Partners LDC (a fund managed by Soros' Fund Management, LLC) and Allen & Company, Incorporated. In connection with the consummation of this transaction, the Company granted certain registration rights to the purchasers of the Series B Convertible Preferred Stock. In addition, the Company amended the Stockholders Agreement, which will by its terms terminate upon consummation of this offering, to include the purchasers of the Series B Convertible Preferred Stock. The Series B Convertible Preferred Stock is automatically convertible (subject to anti-dilution adjustment) into an equal number of shares of Common Stock upon the consummation of this offering. See "Description of Capital Stock -- Registration Rights."

In separate transactions, Mr. Richard S. Braddock, the Chief Executive Officer of the Company, purchased 1,000,000 and 62,500 shares of Common Stock at a purchase price of $1.00 per share and $4.00 per share, respectively, the estimated fair value of the Common Stock at the time of such purchases.

Priceline.com LLC issued to Mr. Jay S. Walker, the Founder of the Company, 28,512,169 equity units of priceline.com LLC upon its inception in consideration for services previously rendered. Subsequently, Mr. Walker, an affiliated trust and Walker Digital, a corporation controlled by Mr. Walker, purchased from priceline.com LLC an aggregate of 20,170,364 additional equity units of priceline.com LLC at a purchase price of $1.00 per unit, the estimated fair market value of the units at the time of purchase. All of the aforementioned units were converted into an equal number of shares of Common Stock of the Company as a result of the merger of priceline.com LLC into the Company. Some of the shares owned by Mr. Walker are subject to options and/or exchange rights held by certain individuals. See "Options/ Exchange Rights."

Priceline.com LLC issued to Messrs. Jesse M. Fink, Paul E. Francis, Timothy G. Brier and two other officers of priceline.com LLC an aggregate of 5,880,000 equity units of priceline.com LLC upon its inception in consideration for services previously rendered.

Mr. Paul E. Francis, the Chief Financial Officer of the Company, purchased from priceline.com LLC 570,776 equity units of priceline.com LLC at a purchase price of $0.876 per share, the estimated fair market value of the units at the time of such purchase. Mr. Ralph M. Bahna and Mr. N.J. Nicholas, Jr., each of whom is a director of the Company, purchased through a trust, from priceline.com LLC, 250,000 and 500,000 equity units of priceline.com LLC, respectively, at a purchase price of $1.00 per unit, the estimated fair market value of the units at the time of such purchases. All of the aforementioned units were converted into an equal number of shares of Common Stock of the Company as a result of the merger of priceline.com LLC into the Company. In addition, Mr. Paul J. Blackney, who also is a director of the Company, purchased 86,207 shares of Common Stock from the Company at a purchase price of $1.16 per share, the estimated fair market value of the shares at the time of purchase.

RELATIONSHIP WITH WALKER DIGITAL

The priceline.com service, and the business model and related intellectual property rights underlying the priceline.com service, were developed in part by executives, employees and/or consultants associated with Walker Digital, a technology research and development company that was founded and is controlled by Mr. Jay S. Walker, who is the Founder and Vice Chairman of the Company. These individuals assigned all of their intellectual property rights relating to the priceline.com service to Walker Digital's affiliate, WAMP, which subsequently transferred the issued and pending patents covering the priceline.com service and other related intellectual property rights to the Company pursuant to the Purchase and Intercompany Services Agreement, dated as of April 16, 1998, between the Company, Priceline Travel, Walker Digital and WAMP (the "Intercompany Agreement"). In partial consideration for the transfer, Walker Digital received 5,516,667 equity units in priceline.com LLC, which were converted into an equal number of shares of Common Stock as a result of the merger of priceline.com LLC into the Company. The Intercompany Agreement also provides the Company with, among other things, a right to purchase at fair market value any intellectual property that is in process or has been fully developed and that is owned and subsequently acquired, developed or discovered by Walker Digital or WAMP that will provide significant value in the use or commercial exploitation of transferred intellectual property. The Company, in turn, granted Walker Digital a perpetual, non-exclusive, royalty-free right and license to use certain intellectual property related to the priceline.com service for non-commercial internal research and development purposes. In addition, Walker Digital also provides the Company with a variety of services, including (i) research and development assistance; (ii) patent and intellectual property services; and (iii) technical support. Walker Digital also subleases a portion of its Stamford, Connecticut facilities to the Company on a month-to-month basis. The Company also provides Walker Digital with certain management and administrative services. Certain of the Company's executive officers and other key employees also are directors, officers, employees or stockholders of Walker Digital and either own, or hold an option to purchase, equity securities of Walker Digital. See "Risk Factors --Conflicts of Interest."

Priceline.com also issued a promissory note to Walker Digital for $1,000,000 in June 1998. The promissory note bore interest at a rate of 6% per annum and was due June 30, 1999. As of the date of this Prospectus, the note has been repaid.

OPTIONS/EXCHANGE RIGHTS

Mr. Jay S. Walker, the Founder and Vice Chairman of the Company, has personally granted certain individuals, including certain officers and directors of the Company and a partnership affiliated with GAP priceline.com LLC, options and/or exchange rights to purchase shares of common stock of the Company owned by Mr. Walker. The options are exercisable, at the holder's election, for shares of common stock of the Company, Walker Digital and/or NewSub Services. Similarly, the exchange rights allow the holder of

shares of common stock of Walker Digital to exchange such shares for shares of common stock of NewSub Services and/or the Company and the holders of shares of Common Stock to exchange such shares for shares of common stock of NewSub Services and/or Walker Digital. To the extent such options and exchange rights are exercised for shares of Common Stock, the shares issued upon such exercise will be from shares of Common Stock owned by Mr. Walker. Consequently, these options and exchange rights will not require the Company to issue additional shares of Common Stock, although they may result in a reduction of Mr. Walker's ownership interest in the Company. Mr. Richard S. Braddock, the Chief Executive Officer of the Company, and the NJN 1997 Family Trust (of which Mr. N.J. Nicholas, Jr., a director of the Company, is the grantor), have exercised such exchange rights for 1,500,000 and 2,000,000 shares of Common Stock, respectively, that were formerly owned by Mr. Walker.

MERGER OF PRICELINE TRAVEL, INC. INTO THE COMPANY

The Company's travel agency license is held by Priceline Travel, a separate company owned by Mr. Jay S. Walker, the Company's Founder and Vice Chairman, and all of the Company's airline ticket sales have been effected through Priceline Travel. Accordingly, the financial statements of Priceline Travel are currently presented on a combined basis with the Company for all relevant periods. Pursuant to a Side Letter, dated December 8, 1998, between the Company, Priceline Travel, Mr. Walker and certain stockholders of the Company, Priceline Travel will be merged with and into the Company prior to the consummation of this offering. Upon consummation of such merger, Mr. Walker will receive only nominal consideration.

OTHER TRANSACTIONS

The Company has entered into compensation arrangements with certain directors and officers of the Company. See "Management -- Stock Based Plans -- Compensation Arrangements."

The Company received a loan in the amount of $1.0 million from Mr. Michael Loeb, a relative of Mr. Marshall Loeb, a director of the Company, and a loan in the amount of $500,000 from Mr. Paul E. Francis, an executive officer of the Company. The interest rate on each of the loans was 10%. As of the date of this Prospectus, both of the loans have been repaid.

The Company has granted registration rights to certain stockholders and warrant holders. See "Description of Capital Stock--Registration Rights."

Mr. Richard S. Braddock was a limited partner of GAP Coinvestment Partners, L.P. from August 1996 to December 31, 1997 and served as a special advisor to GAP LLC from September 1996 to August 1997. Mr. Braddock, however, did not participate in any of the investments by GAP Coinvestment Partners, L.P. in the Company.

The Company offers its magazine subscription promotion pursuant to a revenue sharing arrangement with NewSub Services, a direct marketing firm that is an affiliate of Mr. Jay S. Walker, the Company's Founder and Vice Chairman. Under the agreement with NewSub Services, the Company shares in a certain percentage of the revenues generated upon the conversion of priceline.com generated subscriptions to annual subscriptions after a six month free trial period. In addition, partnerships affiliated with GAP LLC have invested approximately $59.3 million in NewSub Services.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information known to the Company with respect to beneficial ownership of the Company's Common Stock as of December 23, 1998 by (i) each stockholder known by the Company to be the beneficial owner of more than 5% of the Company's Common Stock; (ii) each director of the Company; (iii) the Named Executive Officers; and (iv) all executive officers and directors as a group.

	SHARES BENEFICIALLY OWNED PRIOR TO OFFERING(1)		SHARES BENEFICIALLY OWNED AFTER OFFERING(1)	
NAME OF BENEFICIAL OWNER	NUMBER	PERCENT	NUMBER	PERCENT
Jay S. Walker(2)	50,274,200	47.1%	50,274,200	
Richard S. Braddock(3)	11,062,500	10.2%	11,062,500	
Jesse Fink(4)	3,900,000	3.6%	3,900,000	
N. J. Nicholas, Jr.(5)	2,500,000	2.3%	2,500,000	
Timothy Brier(6)	1,950,000	1.8%	1,950,000	
Paul E. Francis(7)	1,410,776	1.3%	1,410,776	
Ralph Bahna(8)	275,000	*	275,000	
Paul Blackney(9)	111,207	*	111,207	
William E. Ford(10)	21,035,084	19.8%	21,035,084	
Marshall Loeb(11)	25,000	*	25,000	
General Atlantic Partners, LLC(10)	21,035,084	19.8%	21,035,084	
Vulcan Ventures Incorporated(12)	7,500,000	7%	7,500,000	
All directors and executive officers as a group (13 persons)(10)(13)	92,860,434	83.3%	92,860,434	

* Represents beneficial ownership of less than one percent.

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of Common Stock options or warrants that are currently exercisable or exercisable within 60 days of December 23, 1998 are deemed to be outstanding and to be beneficially owned by the person holding such options for the purpose of computing the percentage ownership of such person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

(2) Includes 6,016,667 shares held by Walker Digital Corporation of which Mr. Walker is Founder, Chairman and the controlling stockholder, and 4,400,000 shares held by The Jay Walker Irrevocable Credit Trust. Also includes options outstanding to purchase 1,000,000 shares which are vested but not exercisable until expiration of the lock-up period. Excludes 212,000 shares subject to options that are not vested or exercisable within 60 days of December 23, 1998.

(3) Includes options outstanding to purchase 2,000,000 shares, which are exercisable on consummation of this offering. Excludes 3,000,000 shares subject to options that will become exercisable on the earlier to occur of (i) the Company having a public market capitalization of $750 million for five consecutive trading days, (ii) the Company having pre-tax operating income of $30 million or more over a twelve-month period occurring over four consecutive fiscal quarters, and (iii) August 15, 2007.

(4) Includes 700,000 shares held by The Jesse Fink 1998 Grantor Retained Annuity Trust and options outstanding to purchase 1,200,000 shares which are vested but not exercisable until the expiration of the lock-up period. Excludes 755,000 shares subject to options that are not vested or exercisable within 60 days of December 23, 1998.

(5) Represents shares held by The NJN 1997 Family Trust as to which Mr. Nicholas disclaims beneficial ownership.

(6) Includes 400,000 shares held by The Tim Brier 1998 Grantor Annuity Trust and 6,000 shares held by immediate family members of Mr. Brier. Includes options outstanding to purchase 750,000 shares which are vested but not exercisable until expiration of the lock-up period. Excludes 852,500 shares subject to options that are not vested or exercisable within 60 days of December 23, 1998.

(7) Includes 62,500 shares held by The Paul E. Francis 1998 Trust. Includes options outstanding to purchase 300,000 shares which are vested but not exercisable until expiration of the lock-up period. Excludes 528,000 shares subject to options that are not vested or exercisable within 60 days of December 23, 1998.

(8) Includes options outstanding to purchase 25,000 shares, which are vested but not exercisable until expiration of the lock-up period.

(9) Includes options outstanding to purchase 25,000 shares, which are vested but not exercisable until expiration of the lock-up period.

(10) Includes (a) 2,283,900 shares of Common Stock held by GAP Coinvestment Partners, L.P., (b) 2,074,642 and 15,214,042 shares of Series A Convertible Preferred Stock held by GAP Coinvestment Partners, L.P. and General Atlantic Partners 48, L.P. respectively, which will be converted (subject to anti-dilution adjustment) into an equal number of shares of Common Stock upon consummation of the offering, (c) 1,172,889 and 264,611 Shares of Series B Convertible Preferred Stock held by General Atlantic Partners 50, L.P. and GAP Coinvestment Partners, L.P., respectively, which will be converted (subject to anti-dilution adjustment) into an equal number of shares of Common Stock upon consummation of the offering and (d) options outstanding to purchase 25,000 shares which are vested but not exercisable until expiration of the lock-up period, which options are held by Mr. William E. Ford. The general partner of General Atlantic Partners 48, L.P. and General Atlantic Partners 50, L.P. is GAP LLC and the managing members of GAP LLC are also the general partners of GAP Coinvestment Partners, L.P. William E. Ford, a director of the Company, is a Managing Member of GAP LLC and a general partner of GAP Coinvestment Partners, L.P. Mr. Ford disclaims beneficial ownership of the shares referred to in clauses (a), (b) and (c) above, except to the extent of his pecuniary interest therein. GAP LLC and its affiliated partnerships disclaim beneficial ownership of the options referred to in clause (d) above. The address of GAP LLC and affiliated partnerships is 3 Pickwick Plaza, Greenwich, Connecticut 06830.

(11) Comprises options outstanding to purchase 25,000 shares which are vested but not exercisable until expiration of the lock-up period.

(12) Comprises 7,500,000 shares of Series B Convertible Preferred Stock, which will be converted into an equal number of shares of Common Stock upon consummation of the Offering. Excludes 125,000 shares held by an officer and director of Vulcan Ventures Incorporated. The address of Vulcan Ventures Incorporated is 110 110th Avenue N.E., Bellevue, Washington 98004-5840.

(13) Includes options outstanding to purchase 5,666,667 shares, which are either (i) exercisable upon consummation of this offering or (ii) vested but not exercisable until expiration of the lock-up period. Excludes 11,980,833 shares subject to options that are not vested or exercisable within 60 days of December 23, 1998. The address of all directors and executive officers is Five High Ridge Park, Stamford, Connecticut 06905.

DESCRIPTION OF CAPITAL STOCK

Immediately following the consummation of this offering, the authorized capital stock of the Company will consist of 300,000,000 shares of Common Stock and 150,000,000 shares of Preferred Stock, par value $0.01 per share, of the Company (the "Preferred Stock"). Upon completion of this offering, there will be outstanding shares of Common Stock, outstanding options to purchase shares of Common Stock and outstanding warrants to purchase shares of Common Stock.

COMMON STOCK

Subject to preferences that may apply to shares of Preferred Stock outstanding at the time, the holders of outstanding shares of Common Stock are entitled to receive dividends out of assets legally available therefor at such times and in such amounts as the Board of Directors may from time to time determine. Each stockholder is entitled to one vote for each share of Common Stock held on all matters submitted to a vote of stockholders. Cumulative voting for the election of directors is not provided for in the Company's Certificate of Incorporation, which means that the holders of a majority of the shares voted can elect all of the directors then standing for election. The Common Stock is not entitled to preemptive rights and is not subject to conversion or redemption. Upon the occurrence of a liquidation, dissolution or winding-up of the Company, the holders of shares of Common Stock would be entitled to share ratably in the distribution of all of the Company's assets remaining available for distribution after satisfaction of all its liabilities and the payment of the liquidation preference of any outstanding Preferred Stock. Each outstanding share of Common Stock is, and all shares of Common Stock to be outstanding upon completion of this offering will be, fully paid and nonassessable.

PREFERRED STOCK

The Board of Directors has the authority, within the limitations and restrictions stated in the Certificate of Incorporation of the Company, to provide by resolution for the issuance of shares of Preferred Stock, in one or more classes or series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series. The issuance of Preferred Stock could have the effect of decreasing the market price of the Common Stock and could adversely affect the voting and other rights of the holders of Common Stock.

OPTIONS

As of December 23, 1998, (i) options to purchase a total of 17,419,375 shares of Common Stock were outstanding; and (ii) up to 1,680,625 additional shares of Common Stock may be subject to options granted in the future under the 1997 Omnibus Plan. All of the options contain standard anti-dilution provisions. See "Management -- Employee Benefit Plans -- Priceline.com Incorporated 1997 Omnibus Plan" and "-- Summary of Compensation."

WARRANTS

As of December 23, 1998, the Company had the following outstanding warrants to purchase shares of Common Stock: (i) a warrant to purchase up to 15,114,883 shares of Common Stock at an exercise price of $1.156862 per share that is held by Delta; (ii) a warrant to purchase up to 50,000 shares of Common Stock at an exercise price of $1.00 per share that is held by a high net worth individual; and (iii) a warrant to purchase up to 100,000 shares of Common Stock in exchange for services rendered to the Company by a non-employee for an estimated fair value of approximately $100,000. All of the warrants contain standard anti-dilution provisions. See "Business -- Strategic Alliances."

REGISTRATION RIGHTS

Pursuant to an Amended and Restated Registration Rights Agreement, dated as of December 8, 1998 (the "Registration Rights Agreement"), among the Major Stockholders, partnerships affiliated with GAP LLC, Vulcan and certain other stockholders of the Company have certain registration rights with respect to an aggregate of 97,958,784 shares of Common Stock (the "Registrable Securities"), 6,212,000 of which are issuable upon the exercise of options. Under the Registration Rights Agreement, partnerships affiliated with GAP LLC, the Major Stockholders, Vulcan and one other stockholder each may demand, on one occasion, that the Company file a registration statement under the Securities Act covering all or a portion of their Registrable Securities, as well as demand, on an unlimited number of occasions, that the Company register their Registrable Securities on a Form S-3. In addition, all of the parties to the Registration Rights Agreement have certain "piggyback" registration rights. If the Company proposes to register any of the Common Stock under the Securities Act for its own account (other than pursuant to this offering or in connection with the registration of securities issuable (i) under an employee benefits plan or (ii) in a business combination), each party to the Registration Rights Agreement may require the Company to include all or a portion of their Registrable Securities in such registration; PROVIDED, HOWEVER, that the managing underwriter, if any, of any such offering has certain rights to limit the number of Registrable Securities proposed to be included in such registration. All registration expenses incurred in connection with the above registrations will be borne by the Company.

The Company also is obligated to enter into a registration rights agreement on substantially the same terms with Delta that covers the 15,114,083 shares of Common Stock issuable pursuant to the Delta Warrant.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Company's Common Stock is .

LISTING

The Company intends to apply for quotation of the Common Stock on the Nasdaq National Market under the trading symbol "PRLN".

CERTAIN UNITED STATES FEDERAL TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a general summary of certain United States federal income and estate tax consequences expected to result under current law from the purchase, ownership and taxable disposition of Common Stock by a person or entity other than (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any state thereof, (iii) an estate, the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust, the administration of which is subject to the primary supervision of a United States court and the control of all of the substantial decisions of which is within the authority of one or more United States persons (a "Non-U.S. Holder"). This summary does not address all of the United States federal income and estate tax considerations that may be relevant to a Non-U.S. Holder in light of its particular circumstances or to Non-U.S. Holders that may be subject to special treatment under United States federal income or estate tax laws. Furthermore, this summary does not discuss any aspects of state, local or foreign taxation. This summary is based on current provisions of the Code, Treasury regulations thereunder, judicial opinions, published positions of the United States Internal Revenue Service (the "IRS") and other applicable authorities, all of which are subject to change, possibly with retroactive effect. Each prospective purchaser of Common Stock is advised to consult its tax advisor with respect to the tax consequences of acquiring, holding and disposing of Common Stock.

DIVIDENDS

Dividends paid to a Non-U.S. Holder of Common Stock generally will be subject to withholding of United States federal income tax at a 30 percent rate (or such lower rate as may be specified by an applicable income tax treaty) unless the dividend is effectively connected with the conduct of a trade or business of the Non-U.S. Holder within the United States, in which case the dividend will be taxed at ordinary United States federal income tax rates on a net income basis. If the Non-U.S. Holder is a corporation, such effectively connected income may also be subject to an additional "branch profits tax."

SALE OR OTHER DISPOSITION OF COMMON STOCK

A Non-U.S. Holder generally will not be subject to United States federal income tax in respect of any gain recognized on the sale or other disposition of Common Stock unless: (i) the gain is effectively connected with a trade or business of the Non-U.S. Holder within the United States; (ii) in the case of a Non-U.S. Holder who is an individual and holds the Common Stock as a capital asset, the holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and either (a) the individual has a "tax home" in the United States for United States federal income tax purposes or (b) the gain is attributable to an office or other fixed place of business maintained by the individual in the United States; (iii) the Non-U.S. Holder is subject to tax pursuant to the provisions of United States federal income tax law applicable to certain United States expatriates; or (iv) the Company is or has been during certain periods a "United States real property holding corporation" (a "USRPHC") for United States federal income tax purposes and, assuming that the Common Stock continues to be "regularly traded on an established securities market" for United States federal income tax purposes, the Non-U.S. Holder held, directly or indirectly, at any time during the five-year period ending on the date of disposition (or, if shorter, the Non-U.S. Holder's holding period for the Common Stock), more than 5 percent of the outstanding Common Stock. The Company believes that it will not constitute a USRPHC immediately after the consummation of the Offering and does not expect to become a USRPHC; however, no assurance can be given in this regard.

BACKUP WITHHOLDING AND INFORMATION REPORTING

United States backup withholding tax generally will not apply to dividends paid on Common Stock to a Non-U.S. Holder at an address outside the United States. The Company must report annually to the IRS

and to each Non-U.S. Holder the amount of dividends paid to such holder and the amount, if any, of tax withheld with respect to such dividends. This information may also be made available to the tax authorities in the Non-U.S. Holder's country of residence.

Upon the sale or other disposition of Common Stock by a Non-U.S. Holder to or through a United States office of a broker, the broker must backup withhold at a rate of 31 percent and report the sale to the IRS, unless the holder certifies its Non-U.S. Holder status under penalties of perjury or otherwise establishes an exemption. Upon the sale or other disposition of Common Stock by a Non-U.S. Holder to or through a foreign office of a United States broker (or a foreign broker with certain types of relationships with the United States), the broker must report the sale or other disposition to the IRS (but is not required to backup withhold) unless the broker has documentary evidence in its files that the seller is a Non-U.S. Holder and certain other conditions are met, or the holder otherwise establishes an exemption.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules are generally allowable as a refund or credit against such Non-U.S. Holder's United States federal income tax liability, if any, provided, that the required information is furnished to the IRS.

Final United States Treasury regulations, effective for payments made after December 31, 1999, may affect the procedures to be followed by a Non-U.S. Holder in establishing such holder's status as a Non-U.S. Holder for purposes of the withholding, backup withholding and information reporting rules discussed herein. Prospective investors should consult their tax advisors concerning such regulations.

FEDERAL ESTATE TAXES

Common Stock owned or treated as owned by an individual who is not a citizen or "resident" (as specially defined for United States federal estate tax purposes) of the United States at the time of death, will be included in such individual's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for the Common Stock, and there can be no assurance that a significant public market for the Common Stock will develop or be sustained after this offering. Future sales of substantial amounts of Common Stock (including shares issued upon exercise of outstanding options and warrants) in the public market after this offering could adversely affect market prices prevailing from time to time and could impair the Company's ability to raise capital through the sale of its equity securities. Sales of substantial amounts of Common Stock of the Company in the public market could adversely affect the prevailing market price and the ability of the Company to raise equity capital in the future.

Upon completion of this offering, the Company will have outstanding shares of Common Stock, assuming no exercise of the Underwriters' over-allotment option and no exercise of outstanding warrants and options, which as of December 23, 1998 were immediately exercisable for an aggregate of 150,000 shares of Common Stock and exercisable for an additional 34,533,458 shares of Common Stock in the future. Of these shares, the shares of Common Stock sold in this offering will be freely tradable without restriction under the Securities Act unless purchased by "affiliates" of the Company as that term is defined in Rule 144 under the Securities Act.

Each of the Company and the directors, executive officers and certain other stockholders of the Company has agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the Underwriters, it will not, during the period ending 180 days after the date of this Prospectus; (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, file a registration statement (in the case of the Company) or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise; or (iii) file a registration statement (in the case of the Company), other than a registration statement on Form S-8 covering shares of Common Stock subject to outstanding options under the 1997 Omnibus Plan or shares of Common Stock subject to options to be issued under the 1999 Omnibus Plan. The restrictions described in this paragraph do not apply to (i) the sale of the Shares to the Underwriters or (ii) the issuance by the Company of shares of Common Stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this Prospectus of which the Underwriters have been advised in writing or (iii) the sale or other transfer of any shares of Common Stock by any of the foregoing persons to any affiliate (as such term is defined in Rule 12b-2 under the Exchange Act) of such person which agrees to be bound by the foregoing provisions. In addition, the shareholders of the Company have agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the Underwriters, neither it nor any of its affiliates will, during the period ending 180 days after the date of the Prospectus, make any demand for, or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock. Beginning 180 days after the date of this Prospectus, all shares will be eligible for sale in the public market, subject to certain timing, manner of sale and volume limitations pursuant to Rule 144.

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this Prospectus, a person (or persons whose shares are aggregated) who has beneficially owned restricted shares for at least one year (including the holding period of any prior owner except an affiliate) would be entitled to sell within any three-month period a number of shares that does not exceed the greater of (i) 1% of the number of shares of Common Stock then outstanding (which will equal approximately shares immediately after this offering) or (ii) the average weekly trading volume of the Common Stock during the four calendar weeks preceding the filing of a Form 144 with respect to such sale. Sales under Rule 144 also are subject to certain manner of sale provisions and notice requirements and to the availability of current

public information about the Company. Under Rule 144(k), a person who is not deemed to have been an affiliate of the Company at any time during the three months preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years (including the holding period of any prior owner except an affiliate), is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

Rule 701 permits resales of shares in reliance upon Rule 144 but without compliance with certain restrictions of Rule 144. Any employee, officer or director of or consultant to the Company who purchased his or her shares pursuant to a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell such shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice provisions of Rule 144. All holders of Rule 701 shares are required to wait until 90 days after the date of this Prospectus before selling such shares.

Following consummation of this offering, the Company intends to file a registration statement on Form S-8 under the Securities Act covering shares of Common Stock subject to outstanding options under the 1997 Omnibus Plan and 7.5 million shares of Common Stock reserved for issuance under the 1999 Omnibus Plan. Based on the number of shares subject to outstanding options at December 23, 1998 and currently reserved for issuance under such plan, such registration statement would cover approximately 17,419,375 shares issuable on exercise of the options of which 8,322,792 options have vested as of such date. Such registration statement will automatically become effective upon filing. Accordingly, subject to the exercise of such options, shares registered under such registration statement will be available for sale in the open market immediately after the 180-day lock-up agreements expire. Also beginning 90 days after the date of this offering, certain holders of shares of Common Stock will be entitled to certain rights with respect to registration of such shares of Common Stock for offer and sale to the public. However, under certain lock-up agreements with the Underwriters, such rights will not be able to be exercised until 180 days after the date of this Prospectus. See "Description of Capital Stock--Registration Rights."

UNDERWRITERS

Under the terms and subject to the conditions contained in an Underwriting Agreement dated 1999 (the "Underwriting Agreement"), the U.S. Underwriters named below for whom Morgan Stanley & Co. Incorporated is acting as U.S. Representative, and the International Underwriters named below for whom Morgan Stanley & Co. International Limited is acting as International Representative, have severally agreed to purchase, and the Company has agreed to sell to them, severally, the respective number of shares of Common Stock set forth opposite the names of such Underwriters below:

NAME	NUMBER OF SHARES
U.S. Underwriters:	
Morgan Stanley & Co. Incorporated	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
BancBoston Robertson Stephens Inc.	
Donaldson, Lufkin & Jenrette Securities Corporation	
Subtotal	
International Underwriters:	
Morgan Stanley & Co. International Limited	
Merrill Lynch International	
BancBoston Robertson Stephens Inc.	
Donaldson, Lufkin & Jenrette International	
Subtotal	
Total	

The U.S. Underwriters and the International Underwriters, and the U.S. Representative and the International Representative, are collectively referred to as the "Underwriters" and the "Representatives," respectively. The Underwriters are offering the shares of Common Stock subject to their acceptance of the shares from the Company and subject to prior sale. The Underwriting Agreement provides that the obligations of the several Underwriters to pay for and accept delivery of the shares of Common Stock offered hereby are subject to the approval of certain legal matters by their counsel and to certain other conditions. The Underwriters are obligated to take and pay for all of the shares of Common Stock offered hereby (other than those covered by the U.S. Underwriters' over-allotment option described below) if any are taken.

Pursuant to the Agreement between U.S. and International Underwriters, each U.S. Underwriter has represented and agreed that, with certain exceptions: (i) it is not purchasing any Shares (as defined herein) for the account of anyone other than a United States or Canadian Person (as defined herein); and (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any Shares or distribute any Prospectus relating to the Shares outside the United States or Canada or to anyone other than a United States or Canadian Person. Pursuant to the Agreement between U.S. and International Underwriters, each International Underwriter has represented and agreed that, with certain exceptions: (i) it is not purchasing any Shares for the account of any United States or Canadian Person; and (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any Shares or distribute any Prospectus relating to the Shares in the United States or Canada or to any United States or Canadian Person. With respect to any Underwriter that is a U.S. Underwriter and an International Underwriter, the foregoing representations and agreements (i) made by it in its capacity as a U.S. Underwriter apply only to it in its capacity as a U.S. Underwriter; and (ii) made by it in its capacity as an International Underwriter apply only to it in its

capacity as an International Underwriter. The foregoing limitations do not apply to stabilization transactions or to certain other transactions specified in the Agreement between U.S. and International Underwriters. As used herein, "United States or Canadian Person" means any national or resident of the United States or Canada, or any corporation, pension, profit-sharing or other trust or other entity organized under the laws of the United States or Canada or of any political subdivision thereof (other than a branch located outside the United States and Canada of any United States or Canadian Person), and includes any United States or Canadian branch of a person who is otherwise not a United States or Canadian Person. All shares of Common Stock to be purchased by the Underwriters under the Underwriting Agreement are referred to herein as the "Shares."

Pursuant to the Agreement between U.S. and International Underwriters, sales may be made between the U.S. Underwriters and International Underwriters of any number of Shares as may be mutually agreed. The per share price of any Shares so sold shall be the public offering price set forth on the cover page hereof, in United States dollars, less an amount not greater than the per share amount of the concession to dealers set forth below.

Pursuant to the Agreement between U.S. and International Underwriters, each U.S. Underwriter has represented that it has not offered or sold, and has agreed not to offer or sell, any Shares, directly or indirectly, in any province or territory of Canada or to, or for the benefit of, any resident of any province or territory of Canada in contravention of the securities laws thereof and has represented that any offer or sale of Shares in Canada will be made only pursuant to an exemption from the requirement to file a Prospectus in the province or territory of Canada in which such offer or sale is made. Each U.S. Underwriter has further agreed to send to any dealer who purchases from it any of the Shares a notice stating in substance that, by purchasing such Shares, such dealer represents and agrees that it has not offered or sold, and will not offer or sell, directly or indirectly, any of such Shares in any province or territory of Canada or to, or for the benefit of, any resident of any province or territory of Canada in contravention of the securities laws thereof and that any offer or sale of Shares in Canada will be made only pursuant to an exemption from the requirement to file a Prospectus in the province or territory of Canada in which such offer or sale is made, and that such dealer will deliver to any other dealer to whom it sells any of such Shares a notice containing substantially the same statement as is contained in this sentence.

Pursuant to the Agreement between U.S. and International Underwriters, each International Underwriter has represented and agreed that (i) it has not offered or sold and, prior to the date six months after the closing date for the sale of the Shares to the International Underwriters, will not offer or sell, any Shares to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances, which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the offering of the Shares to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on.

Pursuant to the Agreement between U.S. and International Underwriters, each International Underwriter has further represented that it has not offered or sold, and has agreed not to offer or sell, directly or indirectly, in Japan or to or for the account of any resident thereof, any of the Shares acquired in connection with the distribution contemplated hereby, except for offers or sales to Japanese International Underwriters or dealers and except pursuant to any exemption from the registration requirements of the Securities and Exchange Law and otherwise in compliance with applicable provisions of Japanese law.

Each International Underwriter has further agreed to send to any dealer who purchases from it any of the Shares a notice stating in substance that, by purchasing such Shares, such dealer represents and agrees that it has not offered or sold, and will not offer or sell, any of such Shares, directly or indirectly, in Japan or to or for the account of any resident thereof except for offers or sales to Japanese International Underwriters or dealers and except pursuant to any exemption from the registration requirements of the Securities and Exchange Law and otherwise in compliance with applicable provisions of Japanese law, and that such dealer will send to any other dealer to whom it sells any of such Shares a notice containing substantially the same statement as is contained in this sentence.

The Underwriters initially propose to offer part of the shares of Common Stock directly to the public at the public offering price set forth on the cover page hereof and part to certain dealers at a price that represents a concession not in excess of $ a share under the public offering price. Any Underwriter may allow, and such dealers may reallow, a concession not in excess of $ a share to other Underwriters or to certain other dealers. After the initial offering of the shares of Common Stock, the offering price and other selling terms may from time to time be varied by the Representative.

The Company has granted to the U.S. Underwriters an option, exercisable for 30 days from the date of this Prospectus, to purchase up to an aggregate of additional shares of Common Stock at the public offering price set forth on the cover page hereof, less underwriting discounts and commissions. The U.S. Underwriters may exercise such option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of Common Stock offered hereby. To the extent such option is exercised, each U.S. Underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares of Common Stock as the number set forth next to such U.S. Underwriter's name in the preceding table bears to the total number of shares of Common Stock set forth next to the names of all U.S. Underwriters in the preceding table. If the U.S. Underwriters exercise the over-allotment option in full, the total public offering price will be $, the total underwriting discounts and commissions will be $ and the total proceeds to the Company will be $.

The Underwriters have informed the Company that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of Common Stock offered by them.

At the request of the Company, the Underwriters have reserved up to shares of Common Stock offered hereby for sale at the initial public offering price to certain employees of the Company and to certain other persons. The number of shares available for sale to the general public will be reduced to the extent that such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares of Common Stock offered hereby.

The Company has applied for quotation of the Common Stock on the Nasdaq National Market under the symbol "PRLN."

Each of the Company and the directors, executive officers and certain other stockholders of the Company has agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the Underwriters, it will not, during the period ending 180 days after the date of this Prospectus; (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, file a registration statement (in the case of the Company) or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise; or (iii) file a registration statement (in the case of the Company), other than a registration statement on Form S-8 covering shares of Common Stock subject to outstanding options under the 1997 Omnibus Plan

or shares of Common Stock subject to options, to be issued under the 1999 Omnibus Plan. The restrictions described in this paragraph do not apply to (i) the sale of the Shares to the Underwriters or (ii) the issuance by the Company of shares of Common Stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this Prospectus of which the Underwriters have been advised in writing or (iii) the sale or other transfer of any shares of Common Stock by any of the foregoing persons to any affiliate (as such term is defined in Rule 12b-2 under the Exchange Act) of such person which agrees to be bound by the foregoing provisions. In addition, the stockholders of the Company have agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the Underwriters, neither it nor any of its affiliates will, during the period ending 180 days after the date of the Prospectus, make any demand for, or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock.

In order to facilitate the offering of the Common Stock, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Common Stock. Specifically, the Underwriters may over-allot in connection with the offering, creating a short position in the Common Stock for their own account. In addition, to cover over-allotments or to stabilize the price of the Common Stock, the Underwriters may bid for, and purchase, shares of Common Stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an Underwriter or a dealer for distributing the Common Stock in the offering, if the syndicate repurchases previously distributed Common Stock in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the Common Stock above independent market levels. The Underwriters are not required to engage in these activities, and may end any of these activities at any time.

The Company and the Underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

PRICING OF THE OFFERING

Prior to this offering, there has been no public market for the Common Stock. The initial public offering price will be determined by negotiations between the Company and the U.S. Representative. Among the factors to be considered in determining the initial public offering price will be the future prospects of the Company and its industry in general, sales, earnings and certain other financial and operating information of the Company in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to those of the Company. The estimated initial public offering price range set forth on the cover page of this Prospectus is subject to change as a result of market conditions and other factors.

LEGAL MATTERS

The validity of the issuance of the shares of Common Stock offered hereby will be passed upon for the Company by Skadden, Arps, Slate, Meagher & Flom LLP and for the Underwriters by Davis Polk & Wardwell.

EXPERTS

The combined financial statements of priceline.com and Priceline Travel as of September 30, 1998 and December 31, 1997 and for the nine months ended September 30, 1998 and for the period July 18, 1997 (Inception) to December 31, 1997 included in this Prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 under the Securities Act with respect to the shares of Common Stock offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits thereto. For further information with respect to the Company and the Common Stock offered hereby, reference is made to the Registration Statement and the exhibits thereto. Statements contained in this Prospectus regarding the contents of any contract or any other document to which reference is made are not necessarily complete, and, in each instance where a copy of such contract or other document has been filed as an exhibit to the Registration Statement, reference is made to the copy so filed, each such statement being qualified in all respects by such reference. A copy of the Registration Statement and the exhibits thereto may be inspected without charge at the offices of the Commission at Judiciary Plaza, 450 Fifth Street, Washington, D.C. 20549, and copies of all or any part of the Registration Statement may be obtained from the Public Reference Section of the Commission, Washington, D.C. 20549 upon the payment of the fees prescribed by the Commission. The Commission maintains a Web site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants, such as the Company, that file electronically with the Commission.

The Company intends to provide its stockholders with annual reports containing combined financial statements audited by an independent accounting firm and quarterly reports containing unaudited combined financial data for the first three quarters of each year.

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders of
priceline.com Incorporated and Priceline Travel, Inc.

We have audited the accompanying combined balance sheets of priceline.com Incorporated and Priceline Travel, Inc. (collectively the "Company") as of September 30, 1998 and December 31, 1997 and the related combined statements of operations, changes in stockholders' equity and cash flows for the nine months ended September 30, 1998 and for the period July 18, 1997 (Inception) to December 31, 1997. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 1998 and December 31, 1997 and the results of its operations and its cash flows for the nine months ended September 30, 1998 and the period July 18, 1997 to December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP
Stamford, Connecticut

December 21, 1998

PRICELINE.COM INCORPORATED AND PRICELINE TRAVEL, INC.

COMBINED BALANCE SHEETS

AS OF SEPTEMBER 30, 1998 AND DECEMBER 31, 1997

	SEPTEMBER 30, 1998	DECEMBER 31, 1997
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 10,081,313	$ 16,459
Restricted bank deposit	505,715	--
Accounts receivable, net of allowance for uncollectible accounts of $52,281 at September 30, 1998	2,056,553	--
Note receivable from stockholders	500,000	250,000
Prepaid expenses and other current assets	876,816	--
Total current assets	14,020,397	266,459
PROPERTY AND EQUIPMENT--Net	5,468,855	1,180,119
RESTRICTED BANK CERTIFICATE OF DEPOSIT	168,750	--
OTHER ASSETS	22,714	2,686
TOTAL ASSETS	$ 19,680,716	$ 1,449,264
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 2,869,297	$ 899,052
Related party payable	285,976	1,104,391
Accrued professional fees	744,517	266,614
Accrued marketing fees	409,587	--
Accrued telecommunications expense	382,239	24,354
Other accrued expenses	255,728	36,595
Current portion of capital lease obligations	24,212	21,906
Other current liabilities	534,081	302,363
Total current liabilities	5,505,637	2,655,275
LONG-TERM DEBT--net	989,396	--
CAPITAL LEASE OBLIGATIONS--net of current portion	32,649	51,108
Total liabilities	6,527,682	2,706,383
COMMITMENTS AND CONTINGENCIES (Note 10)		
STOCKHOLDERS' EQUITY (DEFICIENCY)		
Common stock	747,099	416,358
Preferred Stock	172,887	--
Additional paid-in capital	53,285,081	840,005
Accumulated deficit	(41,052,033)	(2,513,482)
Total stockholders' equity (deficiency)	13,153,034	(1,257,119)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 19,680,716	$ 1,449,264

See notes to combined financial statements.

PRICELINE.COM INCORPORATED AND PRICELINE TRAVEL, INC.

COMBINED STATEMENTS OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND THE PERIOD JULY 18, 1997 (INCEPTION) TO DECEMBER 31, 1997

	NINE MONTHS ENDED SEPTEMBER 30, 1998	JULY 18, 1997 (INCEPTION) TO DECEMBER 31, 1997
Revenues	$ 16,243,733	$ --
Cost of revenues	16,793,797	--
Gross profit (loss)	(550,064)	--
Expenses:		
Sales and marketing	15,925,101	441,479
General and adminstrative	14,198,661	1,011,600
Systems and business development	8,168,984	1,060,091
Total expenses	38,292,746	2,513,170
Operating loss	(38,842,810)	(2,513,170)
Interest income (expense), net	304,259	(312)
Net income (loss)	$ (38,538,551)	$ (2,513,482)
Net loss per common share	$ (0.62)	$ (0.06)
Weighted average common shares outstanding	61,767,845	40,667,005

See notes to combined financial statements.

PRICELINE.COM INCORPORATED AND PRICELINE TRAVEL, INC.
COMBINED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND THE
PERIOD JULY 18, 1997 (INCEPTION) TO DECEMBER 31, 1997

	PRICELINE.COM INCORPORATED					PRICELINE TRAVEL, INC.			COMBINED	
	SERIES A CONVERTIBLE PREFERRED STOCK		COMMON STOCK		ADDITIONAL PAID-IN	COMMON STOCK		ADDITIONAL PAID-IN	ACCUMULATED	
	SHARES	AMOUNT	SHARES	AMOUNT	CAPITAL	SHARES	AMOUNT	CAPITAL	DEFICIT	TOTAL
Issuance of common stock and common stock subscriptions.....	--	--	41,335,776	$ 413,358	$ 836,642	3,000	$ 3,000	$ 3,363	--	$ 1,256,363
Net loss.....	--	--	--	--	--	--	--	--	$(2,513,482)	(2,513,482)
Balance, December 31, 1997.....	--	--	41,335,776	413,358	836,642	3,000	3,000	3,363	(2,513,482)	(1,257,119)
Issuance of common stock and common stock subscriptions.....	--	--	33,074,126	330,741	32,289,623	--	--	--	--	32,620,364
Issuance of Series A convertible preferred stock.....	17,288,684	$ 172,887	--	--	19,827,113	--	--	--	--	20,000,000
Issuance of options to purchase common stock..	--	--	--	--	215,545	--	--	--	--	215,545
Issuance of warrants to purchase common stock..	--	--	--	--	112,795	--	--	--	--	112,795
Net loss.....	--	--	--	--	--	--	--	--	(38,538,551)	(38,538,551)
Balance, September 30, 1998.....	17,288,684	$ 172,887	74,409,902	$ 744,099	$53,281,718	3,000	$ 3,000	$ 3,363	($41,052,033)	$13,153,034

See notes to combined financial statements.

PRICELINE.COM INCORPORATED AND PRICELINE TRAVEL, INC.

COMBINED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND THE PERIOD JULY 18, 1997 (INCEPTION) TO DECEMBER 31, 1997

	NINE MONTHS ENDED SEPTEMBER 30, 1998	JULY 18, 1997 (INCEPTION) TO DECEMBER 31, 1997
OPERATING ACTIVITIES:		
Net loss	$ (38,538,551)	$ (2,513,482)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,626,427	211,996
Provision for uncollectible accounts	168,002	--
Equity based compensation	6,815,517	--
Changes in assets and liabilities:		
Accounts receivable	(2,224,555)	--
Prepaid expenses and other current assets	(876,816)	--
Restricted bank deposit and bank certificate of deposit	(674,465)	--
Accounts payable and accrued expenses	3,434,753	1,226,615
Other	213,909	299,677
Net cash provided by (used in) operating activities	(30,055,779)	(775,194)
INVESTING ACTIVITIES--Additions to property and equipment	(5,915,163)	(1,317,404)
FINANCING ACTIVITIES:		
Related party payable	(818,415)	1,104,391
Issuance of long-term debt	1,000,000	--
Principal payments under capital lease obligations	(16,153)	(1,697)
Issuance of common stock and subscription units	25,620,364	1,006,363
Payment received on stockholder's notes	250,000	--
Issuance of Series A convertible preferred stock	20,000,000	--
Net cash provided by financing activities	46,035,796	2,109,057
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,064,854	16,459
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	16,459	--
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 10,081,313	$ 16,459
SUPPLEMENTAL CASH FLOW INFORMATION:		
Capital lease obligations	$ --	$ 74,711
Cash paid during the year for interest	40,717	836

See notes to combined financial statements.

1. BUSINESS DESCRIPTION

Priceline.com Incorporated ("priceline.com") has pioneered a unique new type of e-commerce known as a "demand collection system" that enables consumers to use the Internet to save money on a wide range of products and services while enabling sellers to generate incremental revenue. Using a simple and compelling consumer proposition--"name your price," priceline.com collects consumer demand (in the form of individual customer offers guaranteed by a credit card) for a particular product or service at a price set by the customer and communicates that demand directly to participating sellers or to their private databases. Consumers agree to hold their offers open for a specified period of time to enable priceline.com to fulfill their offers from inventory provided by participating sellers. Once fulfilled, offers generally cannot be canceled. Priceline.com commenced its service on April 6, 1998 with the sale of leisure airline tickets. Priceline.com's services were expanded to include the sale of new automobiles, on a test basis, in July 1998 and hotel room reservations in October 1998.

Priceline.com was founded as a limited liability company ("LLC") in July 1997 and converted to a corporation in July 1998. All LLC units and options and warrants to purchase units, were converted in July 1998 to common stock of priceline.com ("Common Stock") and options and warrants to purchase Common Stock. For presentation purposes all such LLC units, and options and warrants to purchase units are presented as Common Stock or options and warrants to purchase Common Stock. Priceline Travel, Inc. ("Priceline Travel") holds the travel agency license used to effect airline ticket sales. Priceline Travel is wholly owned by the founding stockholder and Vice-Chairman of priceline.com. Priceline.com and Priceline Travel are entities under common control, accordingly, the financial statement of the two companies are presented on a combined basis. Priceline Travel will merge into priceline.com during the first quarter of 1999. Priceline.com and Priceline Travel are referred to collectively as the Company.

Walker Digital Corporation ("Walker Digital"), a research and development company, developed the priceline.com service and the business model and related intellectual property rights underlying the priceline.com service, the rights for which have been transferred to the Company. Walker Digital was founded and is controlled by the founding stockholder and Vice Chairman of priceline.com. Walker Digital has also been providing the Company with a variety of services including subleasing office facilities to the Company on a month to month basis. Charges to the Company for such services aggregated $547,515 and $19,813 during the period ended September 30, 1998 and for the period July 18, 1997 to December 31, 1997, respectively. Such amounts are included in general and administrative expense. In addition, the Company charged Walker Digital $274,367 and $95,874 for the period ended September 30, 1998 and for the period July 18, 1997 to December 31, 1997, respectively for shared expenses borne by the Company. Such reimbursement has been offset against general and administrative expenses in the accompanying combined statements of operations. Several of the Company's executive officers and other key employees are also officers, employees and/or stockholders of Walker Digital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF COMBINATION AND BASIS OF PRESENTATION--The combined financial statements for all periods presented include the financial statements of priceline.com and Priceline Travel. The combined financial statements have been prepared in accordance with generally accepted accounting principles. All significant intercompany transactions have been eliminated.

USE OF ESTIMATES--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS--The Company's financial instruments, including cash and cash equivalents, restricted bank deposits, accounts receivable-net and accounts payable, are carried at cost, which approximates their fair value because of the short-term maturity of these financial instruments. The carrying value of the capital lease obligations and long-term debt approximates fair value because the interest rates on these obligations are comparable to the interest rates that could be obtained currently.

CASH AND CASH EQUIVALENTS, RESTRICTED BANK DEPOSITS--The Company invests excess cash primarily in money market accounts and certificates of deposit. All highly liquid instruments with an original maturity of three months or less are considered cash equivalents. Restricted bank deposits collateralize letters of credit issued in favor of certain airlines.

NOTES RECEIVABLE FROM STOCKHOLDERS--Represents notes receivable related to the sale of Common Stock that were subsequently paid as follows--$250,000 on January 9, 1998, and $500,000 on October 13, 1998.

PROPERTY AND EQUIPMENT--Property and equipment are stated at historical cost. Depreciation and amortization of property and equipment is computed on a straight-line basis, generally over the estimated useful lives of the assets or, when applicable, the life of the lease, whichever is shorter. Capitalized software costs represent costs paid to third parties and are amortized on a straight-line basis over their estimated useful lives. Maintenance and repairs are charged directly to expense as incurred.

INTANGIBLE ASSETS--During the initial stages of its development, priceline.com acquired certain patent rights covering the core buyer-driven commerce system and the method and system for pricing and selling airline ticket options in exchange for 5,516,667 shares of common stock. The rights were obtained from a Walker Digital affiliate. Since the transfer was between entities under common control, it was recorded at the affiliate's historical cost of the asset transferred, which was zero.

IMPAIRMENT OF LONG-LIVED ASSETS--The Company evaluates the recoverability of its long-lived assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 121 requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets.

REVENUE RECOGNITION--The Company recognizes revenue differently depending on the nature of the transaction. In the case of airline tickets, priceline.com is the merchant of record and, accordingly, records as revenue the amount it collects from the customer, net of the federal air transportation tax, segment fees and passenger facility charges imposed in connection with the sale of airline tickets (collectively "Transportation Taxes and Fees"). The Company records as cost of revenues the amount paid to the airlines, net of Transportation Taxes and Fees. In the case of new cars, where the Company acts as the intermediary between the buyer and the seller, and in adaptive marketing programs, where the Company is paid a fee by third parties in connection with customer acquisition programs, the Company records as revenue only the fee or other third party payment that it receives in connection with the transaction, and not the value of the underlying sale. Approximately $700,000 of total revenues are attributable to adaptive marketing programs for the nine months ended September 30, 1998.

SALES AND MARKETING--Sales and marketing expenses are comprised primarily of costs of radio and newspaper advertising, costs of the third-party offer-taking call center, credit card merchant fees, and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
compensation for the Company's sales and marketing personnel. Advertising costs are expensed as incurred.

SYSTEMS AND BUSINESS DEVELOPMENT COSTS--Systems and business development expenses are comprised primarily of compensation to the Company's information technology and product development staff, payments to outside contractors, data communications and other expenses associated with operating priceline.com's Web site, depreciation on computer hardware and licensing fees for computer software. Such costs are expensed as incurred.

INTEREST INCOME (EXPENSE), NET--Interest income (expense) includes interest income of $367,566 and $523, and interest expense of $63,307 and $835 for the nine months ended September 30, 1998 and the period July 18, 1997 to December 31, 1997, respectively.

STOCK-BASED COMPENSATION--The Company accounts for stock-based employee compensation arrangements in accordance with provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and complies with the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Under APB No. 25, compensation expense is based on the difference, if any, on the date of grant, between the fair value of priceline.com's stock and the exercise price.

The Company accounts for equity instruments issued to non-employees in accordance with the provisions of SFAS No. 123 and Emerging Issues Task Force ("EITF") Issue No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services".

INCOME TAXES--The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes", which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the temporary difference between the financial statement and tax basis of assets and liabilities using presently enacted tax rates in effect. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

During the period priceline.com operated as an LLC, it was treated substantially as a partnership for tax purposes and, accordingly, the tax effect of its activities accrued to its members through July 1998.

NET LOSS PER SHARE--The Company computes net loss per share in accordance with SFAS No. 128, "Earnings Per Share" which requires dual presentation of basic earnings per share ("EPS") and diluted EPS.

Basic earnings per share is computed using the weighted average common shares outstanding during the period. Diluted earnings per share is computed using the weighted average common shares and common equivalent shares outstanding during the period. Common equivalent shares consist of the incremental shares of Common Stock issuable upon conversion of the Series A Convertible Preferred Stock (using the if-converted method) and shares of Common Stock issuable upon the exercise of stock options and warrants (using the treasury stock method). At September 30, 1998 there were outstanding options and warrants to purchase 17,187,042 shares of Common Stock. Outstanding warrants and options could potentially dilute basic earnings per share in the future but have not been included in the computation of diluted net loss per share as the impact would have been antidilutive for the periods presented. Accordingly, the basic and diluted per share amounts are identical for all periods presented. See

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Note 6 for a warrant agreement between priceline.com and Delta Air Lines relating to an additional 15,114,083 shares of Common Stock.

BUSINESS RISK--Business risks include the following:

Competition--The markets for the products and services offered on the priceline.com service are intensely competitive. The Company competes with both traditional distribution channels and online services. The Company currently or potentially competes with a variety of companies with respect to each product or services offered. The Company potentially faces competition from a number of large online services that have expertise in developing online commerce and in facilitating Internet traffic. Many competitors have significant competitive advantages. For example, airlines, hotels and other suppliers also sell their products and services directly to consumers and have established Web sites. Internet directories, search engines and large traditional retailers have significantly greater operating histories, customer bases, technical expertise, brand recognition and/or online commerce experience than the Company. In addition, certain competitors may be able to devote significantly greater resources to furthering their business.

Dependence on Airline Industry and Certain Carriers--The Company's near term, and possibly long term, prospects are significantly dependent upon the sale of leisure airline tickets. Sales of leisure airline tickets and revenues derived from related adaptive marketing programs represented essentially all of the Company's revenues for the nine months ended September 30, 1998. Sales of airline tickets from the Company's two largest airline suppliers accounted for approximately 88% of airline ticket revenue for the nine months ended September 30, 1998. As a result, currently the Company is substantially dependent upon the continued participation of these two airlines in the priceline.com service in order to maintain and continue to grow its total airline ticket revenues. Significantly reducing the Company's dependence on the airline and travel industries is likely to take a long time and there can be no guarantee that the Company will succeed in reducing that dependence.

Risks Associated with Brand Development--The Company intends to continue to pursue an aggressive brand-enhancement strategy, which will include mass market and multimedia advertising, promotional programs and public relations activities. To increase awareness of the priceline.com brand and expand it to a wide range of products and services, the Company will need to continue to spend significant amounts on advertising and promotions. These expenditures may not result in a sufficient increase in revenues to cover such advertising and promotions expenses.

CONCENTRATION OF CREDIT RISK--Financial instruments which potentially subject the Company to concentrations of credit risk are principally bank deposits and accounts receivable. Cash and cash equivalents and restricted bank deposits are deposited with high credit quality financial institutions. Accounts receivable typically represent credit card purchases, are derived from the revenues earned from customers in the U.S. and are denominated in U.S. dollars. Accounts receivable balances are typically settled through customer credit cards and, as a result, the majority of accounts receivable are collected upon processing of credit card transactions. The Company maintains an allowance for doubtful accounts receivable based upon the expected collectibility of accounts receivable. During the periods ended September 30, 1998 and December 31, 1997, no customers accounted for more than 10% of net revenues or net accounts receivable.

SEGMENT REPORTING--Effective January 1, 1998 the Company adopted Statement of Financial Accounting Standard No. 131, "Disclosures About Segments of an Enterprise and Related Information." The Company has operated primarily as a single segment and will evaluate additional segment disclosure requirements as it expands its operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS--In March 1998, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 98-1, "Accounting for Costs of Computer Software Developed or Obtained for Internal Use." This SOP is effective for fiscal years beginning after December 15, 1998. This SOP provides guidance on accounting for the cost of computer software developed or obtained for internal use. The Company will adopt this SOP beginning January 1, 1999 and is currently in the process of evaluating its impact.

3. ACCOUNTS RECEIVABLE

A summary of the activity in the allowance for uncollectible accounts for the nine months ended September 30, 1998 is as follows:

	AMOUNT
Provision charged to expense	$ 168,002
Charge offs	(115,721)
Balance at end of period	$ 52,281

4. PROPERTY AND EQUIPMENT

Property and equipment at September 30, 1998 and December 31, 1997 consist of the following:

	ESTIMATED USEFUL LIVES (YEARS)	SEPTEMBER 30, 1998	DECEMBER 31, 1997
Computer equipment and software	3	$ 6,389,624	$1,144,263
Office equipment	3	578,434	89,846
Furniture and fixtures	7	339,220	158,006
Total		7,307,278	1,392,115
Less accumulated depreciation and amortization		1,838,423	211,996
Property and equipment--net		$5,468,855	$1,180,119

Depreciation and amortization was $1,626,427 and $211,996 for the nine months ended September 30, 1998 and for the period July 18, 1997 to December 31, 1997, respectively.

5. LONG-TERM DEBT

In April 1998, priceline.com issued a promissory note to an investor for $1,000,000. The promissory note bears interest at a rate of 6% per annum and matures on April 15, 2003. In connection with the promissory note, priceline.com issued detachable warrants to purchase 50,000 common shares at $1.00 per share. The portion of the proceeds allocable to the warrant, estimated fair value of $12,795, was accounted for as additional paid-in capital. The discount is recorded as interest expense over the term of the promissory note. At September 30, 1998, the principal balance of the promissory note, net of unamortized discount, was $989,396.

6. STOCKHOLDERS' EQUITY

Combined stockholders' equity at September 30, 1998 and December 31, 1997 consist of the following:

	SEPTEMBER 30, 1998	DECEMBER 31, 1997
Priceline.com Incorporated:		
Common stock, $0.01 par value--authorized 150,000,000 shares; issued and outstanding, 74,409,902 and 41,335,776 at September 30, 1998 and December 31, 1997, respectively	$ 744,099	$ 413,358
Preferred Stock, Series A Convertible, $0.01 par value; $1.16 liquidation value; authorized, 30,000,000 shares; issued and outstanding, 17,288,684	172,887	--
Additional paid-in capital	53,281,718	836,642
Priceline Travel, Inc:		
Common stock, $1 par value--3,000 shares authorized, issued and outstanding	3,000	3,000
Additional paid-in capital	3,363	3,363
Accumulated deficit	(41,052,033)	(2,513,482)
Total stockholders' equity (deficiency)	$ 13,153,034	$ (1,257,119)

On July 18, 1997, priceline.com issued 34,392,169 shares of Common Stock for the initial contributed services of certain initial employees. No compensation expense was recognized for the contributed services as priceline.com was in the early stages of development.

Also, on July 18, 1997, priceline.com issued 5,516,667 shares of Common Stock to Walker Digital and thereafter transferred to priceline.com all of the rights, title, and interest in certain patents and patent applications relating to buyer driven commerce.

Through September 30, 1998 priceline.com issued 28,001,066 shares of Common Stock for cash consideration of $27,370,364, of which $500,000 was received on October 13, 1998, at per share amounts ranging from $0.876 to $1.00. In July 1998, priceline.com also issued a profits interest with respect to 6,500,000 units in the Company's predecessor, priceline.com LLC, which units were converted into an equivalent number of shares of Common Stock, to the Chairman and Chief Executive Officer which resulted in the recognition of a one time charge of $6,500,000 with respect to these shares.

In July 1998, pursuant to an agreement between priceline.com and two partnerships affiliated with General Atlantic Partners, LLC (collectively "GAP"), priceline.com sold to GAP a total of 17,288,684 shares of Series A Convertible Preferred Stock, par value $0.01 per share (the "Series A Preferred Stock") for $20,000,000.

In December 1998, priceline.com raised gross proceeds of $55,350,000 by completing a private placement of an aggregate of 13,837,500 shares of its Series B Convertible Preferred Stock (the "Series B Preferred Stock") with several investors, including GAP and Vulcan Ventures Incorporated.

Shares of the Series A and Series B Preferred Stock are automatically convertible, subject to anti-dilution adjustment, into an equal number of shares of Common Stock upon an initial public offering of the Company. The holders of the Series A Preferred Stock and Series B Preferred Stock vote together as a single class with the holders of Common Stock. The shares of the Series A Preferred Stock and Series B

6. STOCKHOLDERS' EQUITY (CONTINUED)
Preferred Stock rank senior to the Common Stock with respect to liquidation and equal to the Common Stock with respect to dividends.

In March 1998, priceline.com issued warrants to purchase 100,000 shares of Common Stock to a non-employee in exchange for marketing services rendered to the Company. The estimated fair value of the warrants at the date of grant was approximately $100,000, and has been reflected as sales and marketing expense and additional paid-in-capital.

In April 1998, priceline.com issued warrants to purchase 50,000 shares of Common Stock at an exercise price of $1.00 per share in conjunction with a promissory note (see Note 5--Long-Term Debt).

In August 1998, priceline.com issued to Delta Air Lines a warrant to purchase up to 15,114,083 shares of Common Stock at an exercise price of approximately $1.16 per share ("Delta Warrant"). Generally, the Delta Warrant will vest if Delta Air Lines achieves certain predetermined performance thresholds. Under the terms of the Delta Warrant, there is no penalty for failure to provide ticket inventory sufficient to satisfy these performance thresholds. In accordance with EITF Issue No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services," no expense has been recorded for the period ended September 30, 1998, due to contingencies related to the issuance of the Delta Warrant, including quantity and vesting. Subsequent to September 30, 1998, the Company discussed with Delta Air Lines, amendments to the warrants that are intended to resolve the issuance and vesting contingencies. If and when the contingencies are resolved, the Company would recognize expense based upon the fair value of the warrants at that time.

As of September 30, 1998, no warrants have been exercised.

7. STOCK OPTION PLAN

Priceline.com has adopted the 1997 Omnibus Plan (the "Plan"), which provides for grants of options as incentives and rewards to encourage employees, officers, consultants and directors in the long term success of the Company. The Plan provides for grants of options to purchase up to 19,100,000 shares at a purchase price equal to the fair market value on the date of grant. Generally, the options vest over three years from the date of grant. In accounting for the Plan, the Company has elected to follow APB 25 and related interpretations in accounting for its employee stock options. When the exercise price of stock options issued under the plan equaled the fair value of the underlying stock on the date of grant, no compensation expense was recorded. Compensation expense was recognized for the fair value of the options granted to non-employees and to the extent the fair value of the underlying stock exceeded the exercise price of employee stock options. Compensation expense, included in general and administrative, recognized during the nine months ended September 30, 1998 aggregated $215,517.

7. STOCK OPTION PLAN (CONTINUED)

The following summarizes the transactions pursuant to the Plan:

	SHARES	WEIGHTED AVERAGE OPTION PRICE
Granted during 1998	17,117,875	$ 1.00
Forfeited	(80,833)	1.00
Balance at September 30, 1998	17,037,042	1.00
Exercisable at September 30, 1998	None	

Had compensation costs been determined based upon the fair value at grant date, the Company's pro forma net loss and pro forma net loss per share for the nine month period ended September 30, 1998 would have been reported as follows:

Pro forma net loss	$(39,786,719)
Pro forma net loss per share	$ (0.64)

Because additional stock options are expected to be granted, the above pro forma disclosures are not representative of pro forma effects on reported financial results for future periods.

The fair value of each option grant was determined on the date of grant using the minimum value method. The weighted average fair value of options granted during 1998 was estimated to be approximately $0.16 per option on the dates of grant using the minimum value method and the following assumptions: volatility of 0%, risk free interest rate of 6.00% and an expected life of 3 years, respectively. The Plan also provides for the grant of tandem stock appreciation rights, stand-alone stock appreciation rights, phantom stock and other forms of equity based incentive awards which do not reduce the number of shares with respect to which incentive awards may be granted. No such awards were made as of September 30, 1998.

8. TAXES

INCOME TAXES--Through July 31, 1998, priceline.com's predecessor operated as a limited liability company and income taxes (benefits) accrued to the members. Accordingly, no income taxes (benefit) was reflected in the accompanying financial statements as of December 31, 1997 and for the period then ended. Since converting from an LLC to a corporation in July 1998, the Company has incurred tax net operating losses of approximately $8,200,000. Priceline.com will file its initial corporate tax return for the period August 1, 1998 through December 31, 1998. As of September 30, 1998 a valuation allowance for the full amount of the net deferred tax asset of approximately $3,400,000 resulting from the tax net operating losses was recorded because of the uncertainty regarding its realization.

FEDERAL AIR TRANSPORTATION TAX--Currently, a federal air transportation tax is imposed upon the sale of airline tickets and generally is collected by the airlines selling the tickets. The tax is based upon a percentage of the cost of transportation, which was 9% for periods prior to October 1, 1998 and 8% thereafter. The tax has been calculated based on the price charged by the airline for a ticket, rather than the price paid by the customer. There is a possibility that current law requires computation of the tax based

8. TAXES (CONTINUED)
on the price paid by the customer. Approximately $56,000 in additional taxes relating to the method of calculating the tax has been accrued as of September 30, 1998.

9. OTHER RELATED PARTY TRANSACTIONS

The Founder and Vice Chairman of priceline.com also serves as non-executive Chairman of NewSub Services, Inc.("NewSub"), a direct marketing company co-founded by him. The Company participates in certain adaptive marketing programs with NewSub. Sales and marketing expense related to these programs totalled $18,948 for the nine months ended September 30, 1998. There was no such expense in 1997.

In June 1998, priceline.com issued a promissory note to Walker Digital for $1,000,000. The promissory note bore interest at a rate of 6% per annum and was due June 30, 1999. The note has been repaid.

10. COMMITMENTS AND CONTINGENCIES

LEGAL PROCEEDINGS--The Company has received verbal notice of a third party's intent to file with the United States Patent and Trademark Office a request to declare an "interference" with the Company's core buyer-driven commerce business patent. An interference is requested when a patent applicant asserts claims that they are a prior inventor of subject matter covered by one or more claims in a third party issued patent or pending application. A successful interference action could prohibit the original patent holder from exploiting the invention entirely. The Company has received notice of the potential interference from the holder of two related United States Patent applications, one of which has since been issued as a patent. The Company is currently awaiting information from the Patent and Trademark Office regarding the status of the interference request. The Company has reviewed a published international patent application, based on the two United States patent applications, with outside intellectual property counsel and believes that there is no reasonable basis for the United States Patent and Trademark Office to declare an interference action, and, if an interference is declared, that there is no reasonable basis to resolve such interference adversely. However, if an interference action is declared, the patent office could then seek to determine whether one or more of the Company's patent claims were invalid. If an interference is subsequently resolved in a manner adverse to the Company, such declaration or resolution could prevent the Company from exploiting its business model through the priceline.com service or require the Company to obtain licenses from one or more other patent holders at a cost which may adversely affect the Company's business.

From time to time the Company has been and expects to continue to be subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of third party intellectual property rights by the Company. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources. The Company is not aware of any legal proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on its business, financial condition or results of operations.

AIRLINE ALLIANCES AND RELATIONSHIPS--Priceline.com has entered into Airline Participation Agreements with four domestic and 12 international airlines. The Airline Participation Agreements do not commit the airlines to provide tickets for any particular routes or at a discount to their retail prices, but outline the terms and conditions under which tickets may be sold pursuant to fares, rules and availability that the airlines may provide from time to time. The Airline Participation Agreements are generally subject to termination upon 30 days' notice by priceline.com or the airline.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

EMPLOYMENT CONTRACTS--Priceline.com has entered into employment agreements with certain members of senior management that provide for minimum annual compensation of approximately $2,135,000 in the aggregate. The agreements provide for periods of employment of up to 3 years. Generally, the agreements provide for incentives and bonuses based on the achievement of performance goals, as well as, the grant of stock options under the 1997 Omnibus Stock Option Plan.

CAPITAL LEASES--Priceline.com leases certain machinery and equipment costing $74,711 under capital lease agreements. Accumulated depreciation on this equipment was $20,752 and $2,075 at September 30, 1998 and December 31, 1997, respectively. These amounts are included in property and equipment in Note 4.

Future minimum lease payments, including interest, under these capital leases at September 30, 1998 are as follows:

PERIOD ENDING SEPTEMBER 30,	
1999	$ 30,389
2000	30,389
2001	5,065
Total minimum lease payments	65,843
Less amounts representing interest	8,982
Present value of future minimum lease payments	56,861
Less current portion of obligations	24,212
Obligations under capital leases, net of current portion	$ 32,649

11. BENEFIT PLAN

Priceline.com adopted a defined contribution 401(k) savings plan (the "Plan") during 1998 covering all employees who are at least 21 years old and have completed 6 months of service. The Plan allows eligible employees to contribute up to 20% of their eligible earnings, subject to a statutorily prescribed annual limit. Priceline.com may make matching contributions on a discretionary basis to the Plan. All participants are fully vested in their contributions and investment earnings. During the nine months ended September 30, 1998, priceline.com did not make any matching contributions to the Plan.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by the Company in connection with the sale of Common Stock being registered. All amounts are estimates.

SEC registration fee	$ 31,970
NASD Filing fee	*
Nasdaq National Market listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue sky fees and expenses	*
Transfer agent fees	*
Miscellaneous fees and expenses	*
Total	$ *

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* to be filed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law (the "DGCL") authorizes a court to award or a corporation's Board of Directors to grant indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended (the "Securities Act").

As permitted by the DGCL, Article VIII of the Company's By-Laws provide that (i) the Company is required to indemnify its directors and officers to the fullest extent permitted by the DGCL, subject to certain very limited exceptions; (ii) the Company is permitted to indemnify its other employees to the extent that it indemnifies its officers and directors, unless otherwise required by law, its Certificate of Incorporation, its By-Laws or agreements; (iii) the Company is required to advance expenses, as incurred, ti its directors and officers in connection with a legal proceeding to the fullest extent permitted by the DGCL, subject to certain very limited exceptions; and (iv) the rights conferred in the By-Laws are not exclusive. As permitted by the DGCL, the Company's Certificate of Incorporation includes a provision that eliminates the personal inability of its directors for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders; (ii) for acts of omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the DGCL (regarding payments of dividends; stock purchases or redemptions which are unlawful); or (iv) for any transaction from which the director derived an improper personal benefit. This provision in the Certificate of Incorporation does not eliminate the directors' fiduciary duty, and in appropriate circumstances equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Delaware law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to the Company for acts or omissions not in good faith or involving intentional misconduct, for knowing violations of law, for actions leading to improper personal benefit to the director, and for payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law. The provision also does not affect a director's responsibilities under any other law, such as the federal securities laws or state or federal environmental laws.

Under Article VIII, Section 8, of the Company's By-Laws, the Company is authorized to, and has purchased, insurance covering the Company's directors and officers against liability asserted against them in their capacity as such. Reference is made to the Underwriting Agreement contained in Exhibit 1.1 hereto, which contains provisions indemnifying officers and directors of the Company against certain liabilities.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Since its inception, the Company has issued and sold the following securities:

In July 1997, the Company's predecessor issued an aggregate of 34,392,169 equity units to Messrs. Jay S. Walker, Jesse M. Fink, Timothy G. Brier, Paul E. Francis and two other executive officers for services previously rendered.

In July 1997, the Company's predecessor issued 5,516,667 equity units to Walker Digital Corporation, which, together with its affiliate WAMP, transferred to the Company all of their rights, title, and interest in certain patents and patent applications relating to buyer-driven commerce.

From September 1997 to February 1998, the Company's predecessor issued and sold an aggregate of 5,080,702 equity units to Mr. Paul E. Francis, a partnership affiliated with GAP LLC and six other investors for an estimated fair value of $0.876 per share.

From March 1998 to July 1998, the Company's predecessor issued and sold and aggregate of 22,920,364 equity units to Mr. Jay S. Walker, a trust affiliated with Mr. Jay S. Walker, Walker Digital, Mr. Richard S. Braddock, a trust affiliated with Mr. N.J. Nicholas, Jr., Mr. Ralph M. Bahna and one other investor for an estimated fair value of $1.00 per share.

In March 1998, the Company issued warrants to purchase 100,000 shares of Common Stock to a non-employee in exchange for services rendered to the Company for an estimated fair value of approximately $100,000.

In April 1998, the Company issued warrants to purchase 50,000 shares of Common Stock at an exercise price of $1.00 per share to an individual in connection with the execution of a promissory note in the amount of $1,000,000.

In July 1998, the Company's predecessor issued 6,500,000 equity units to Mr. Richard S. Braddock in connection with his employment as its Chief Executive Officer and Chairman.

On July 31, 1998, all of the foregoing equity units were converted into an equal number of shares of Common Stock as a result of the merger of the Company's predecessor into the Company.

On July 31, 1998, the Company issued and sold 17,288,684 shares of its Series A Convertible Preferred Stock to two partnerships affiliated with GAP LLC for an estimated fair value of approximately $1.16 per share.

In August 1998, the Company issued warrants to Delta to purchase up to 15,114,083 shares of Common Stock at an exercise price of approximately $1.16 per share.

In October 1998, the Company issued and sold an aggregate of 107,759 shares of Common Stock to Mr. Paul J. Blackney and another individual for an estimated fair value of $1.16 per share.

On December 8, 1998, the Company issued and sold an aggregate of 13,837,500 shares of its Series B Convertible Preferred Stock to Vulcan, two partnerships affiliated with GAP LLC and seven other investors for an estimated fair value of $4.00 per share.

On December 8, 1998, the Company issued and sold an aggregate of 62,500 shares of Common Stock to Mr. Braddock for an estimated fair value of $4.00 per share.

The issuances described above in this Item 15 were deemed exempt from registration under the Securities Act in reliance on either (i) Rule 701 promulgated under the Securities Act as offers and sales of securities pursuant to certain compensatory benefit plans and contracts relating to compensation in compliance with Rule 701 or (ii) Section 4 (2) of the Securities Act as transactions by an issuer not involving any public offering.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(A) EXHIBITS:

EXHIBIT	DESCRIPTION
1.1*	Form of Underwriting Agreement.
2.1	Agreement of Merger, dated as of July 31, 1998, between priceline.com LLC and Registrant.
2.2*	Form of Agreement of Merger between Priceline Travel Inc. and Registrant.
3.1*	Form of Amended and Restated Certificate of Incorporation of Registrant to be filed on the closing of the offering made hereby.
3.2*	Form of By-Laws of Registrant to be filed on the closing of the offering made hereby.
4.1	Reference is hereby made to Exhibits 3.1 and 3.2.
4.2*	Specimen Certificate for Registrant's Common Stock.
4.3	Amended and Restated Registration Rights Agreement, dated as of December 8, 1998, among Registrant and certain stockholders of Registrant.
5.1*	Opinion of Melissa M. Taub, Esq., General Counsel to the Registrant.
10.1*	Stock Option Plan of Registrant.
10.2	Stock Purchase Agreement, dated July 31, 1998, among Registrant and the investors named therein, as amended.
10.3	Stock Purchase Agreement, dated as of December 8, 1998, among Registrant and the investors named therein.
10.4	Reference is hereby made to Exhibit 4.3.
10.5*	Purchase and Intercompany Services Agreement, dated April 6, 1998, among Registrant, Walker Asset Management Limited Partnership, Walker Digital Corporation and Priceline Travel, Inc.
10.6*	Employment Agreement, dated as of January 1, 1998, between Jay Walker, Walker Digital Corporation, Registrant and Jesse Fink, as amended.
10.7*	Employment Agreement, dated as of July 23, 1998, between Registrant and Tim Brier, as amended.
10.8*	Employment Agreement, dated as of August 15, 1998, between Registrant and Richard Braddock.
10.9	Airline Participation Agreement, dated April 1998, between Registrant and Trans World Airlines, Inc.
10.11*	Airline Participation Agreement, dated August 31, 1998, between Registrant and Delta Air Lines, Inc., as amended.
10.12*	General Agreement, dated August 31, 1998 between Registrant and Delta Air Lines, Inc., as amended.
10.13*	Participation Warrant Agreement, dated August 31, 1998, between Registrant and Delta Air Lines, Inc., as amended.
10.14	Systems Access Agreement, dated as of August 4, 1997, between Registrant and WORLDSPAN, L.P.

EXHIBIT	DESCRIPTION
10.15	Master Agreement for Outsourcing Call Center Support, dated as of April 6, 1998, between Registrant and CALLTECH Communications, Incorporated.
10.16	$1,000,000 Commercial Promissory Note, dated April 15, 1996, between Registrant and Andre Jaeckle.
10.17	Warrant Agreement, dated April 15, 1998, between Registrant and Andre Jaeckle.
10.18	Warrant Agreement, dated April 9, 1998, between Registrant and William Shatner.
23.1	Consent of Deloitte & Touche LLP.
24.1	Power of Attorney (see page II-5).

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* To be filed by amendment.

(B) FINANCIAL STATEMENT SCHEDULES:

All schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the combined financial statements or notes thereto.

ITEM 17. UNDERTAKINGS

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement, certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of Prospectus filed as part of this Registration Statement in reliance upon rule 430A and contained in a form of Prospectus filed by the Registrant pursuant to Rule 424(b)(1) of (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of Prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Stamford, State of Connecticut, on December 23, 1998.

PRICELINE.COM INCORPORATED

By: /s/ MELISSA M. TAUB
Melissa M. Taub
SENIOR VICE PRESIDENT,
GENERAL COUNSEL AND SECRETARY

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Paul E. Francis, Melissa M. Taub, and Thomas P. D'Angelo, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement (or any other registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act), and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
/s/ RICHARD S. BRADDOCK Richard S. Braddock	Chairman and Chief Executive Officer (Principal Executive Officer)	December 23, 1998
/s/ JAY S. WALKER Jay S. Walker	Vice Chairman, Founder and Director	December 23, 1998
/s/ PAUL E. FRANCIS Paul E. Francis	Chief Financial Officer (Principal Financial Officer)	December 23, 1998

SIGNATURE	TITLE	DATE
/s/ MELISSA M. TAUB Melissa M. Taub	Senior Vice President, General Counsel and Secretary	December 23, 1998
/s/ THOMAS P. D'ANGELO Thomas P. D'Angelo	Vice President Finance and Controller (Principal Accounting Officer)	December 23, 1998
/s/ RALPH M. BAHNA Ralph M. Bahna	Director	December 23, 1998
/s/ PAUL J. BLACKNEY Paul J. Blackney	Director	December 23, 1998
/s/ WILLIAM E. FORD William E. Ford	Director	December 23, 1998
/s/ MARSHALL LOEB Marshall Loeb	Director	December 23, 1998
/s/ N.J. NICHOLAS, JR. N.J. Nicholas, Jr.	Director	December 23, 1998

EXHIBIT INDEX

EXHIBIT	DESCRIPTION
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2.2*	Form of Agreement of Merger between Priceline Travel Inc. and Registrant.
3.1*	Form of Amended and Restated Certificate of Incorporation of Registrant to be filed on the closing of the offering made hereby.
3.2*	Form of By-Laws of Registrant to be filed on the closing of the offering made hereby.
4.1	Reference is hereby made to Exhibits 3.1 and 3.2.
4.2*	Specimen Certificate for Registrant's Common Stock.
4.3	Amended and Restated Registration Rights Agreement, dated as of December 8, 1998, among Registrant and certain stockholders of Registrant.
5.1*	Opinion of Melissa M. Taub, Esq., General Counsel to the Registrant.
10.1*	Stock Option Plan of Registrant.
10.2	Stock Purchase Agreement, dated July 31, 1998, among Registrant and the investors named therein, as amended.
10.3	Stock Purchase Agreement, dated as of December 8, 1998, among Registrant and the investors named therein.
10.4	Reference is hereby made to Exhibit 4.3.
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10.6*	Employment Agreement, dated as of January 1, 1998, between Jay Walker, Walker Digital Corporation, Registrant and Jesse Fink, as amended.
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23.1	Consent of Deloitte & Touche LLP.
24.1	Power of Attorney (see page II-5).

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* To be filed by amendment.

Exhibit 2.1

AGREEMENT OF MERGER

AGREEMENT OF MERGER (this "Merger Agreement"), dated as of July 31, 1998, between priceline.com Incorporated, a Delaware corporation (the "Corporation"), and priceline.com LLC, a Delaware limited liability company (the "LLC"). The Corporation and the LLC are hereinafter sometimes collectively referred to as the "Constituent Entities."

WHEREAS, the Board of Directors of the Corporation has, by resolutions duly adopted, approved this Merger Agreement and the transactions contemplated hereby;

WHEREAS, the sole stockholder of the Corporation has approved this Merger Agreement and the transactions contemplated hereby;

WHEREAS, the managers of the LLC have approved this Merger Agreement and the transactions contemplated hereby;

WHEREAS, the holder of a majority of the membership interests in the LLC has approved this Merger Agreement and the transactions contemplated hereby; and

WHEREAS, the transactions contemplated by this Merger Agreement and the Stock Purchase Agreement, dated July 31, 1998, among the Company, General Atlantic Partners 48, L.P., a Delaware limited partnership and GAP Coinvestment Partners, L.P., a New York limited partnership, constitute part of a single integrated transaction and are pursuant to a single integrated plan intended to qualify as a tax-free transaction under Section 351 of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for the purpose of merging the LLC with and into the Corporation (the "Merger") and setting forth certain terms and conditions of the Merger and the mode of carrying the same into effect, the LLC and the Corporation hereby agree as follows:

1. Merger. Upon the terms and subject to the conditions hereof and in accordance with Section 264 of the General Corporation Law of the State of Dela-

ware and Section 18-209 of the Delaware Limited Liability Company Act, the LLC shall be merged with and into the Corporation and the Corporation shall be, and is herein referred to as, the "Surviving Entity." The Merger shall become effective at the time and on the date of the filing of a Certificate of Merger under the applicable requirements of Delaware law, or such later time and date as may be set forth in the Certificate of Merger (the "Effective Time").

2. Effect of Merger. At the Effective Time, the separate existence of the LLC shall cease and the LLC shall be merged with and into the Corporation. The consummation of the Merger will have the effects provided in Delaware law with respect to a merger of a domestic limited liability company into a domestic corporation.

3. Certificate of Incorporation and By-Laws. The Certificate of Incorporation and the By-Laws of the Corporation shall be the Certificate of Incorporation and the By-Laws of the Surviving Entity.

4. Directors and Officers.

(a) The director of the Corporation at the Effective Time shall be the director of the Surviving Entity from and after the Effective Time until his respective successor or successors are duly elected or appointed and qualified in the manner provided in the Certificate of Incorporation or By-Laws of the Corporation or as otherwise provided by law.

(b) The officers of the LLC at the Effective Time shall be the officers of the Surviving Entity, each to hold office until their respective successors are duly elected or appointed and qualified in the manner provided in the Certificate of Incorporation or By-Laws of the Corporation, or as otherwise provided by law.

5. Further Assurances. From time to time, as and when required by the Surviving Entity or by its successors and assigns, there shall be executed and delivered on behalf of the LLC such deeds and other instruments, and there shall be taken or caused to be taken by it all such further and other action as shall be appropriate or necessary in order to vest, perfect or confirm, of record or otherwise, in the Surviving Entity the title to and possession of all property, interests, assets, rights, privileges, immunities, powers, franchises and authority of the LLC and otherwise to carry out the purposes of this Merger Agreement, and the officers of the Surviving Entity are

fully authorized in the name and on behalf of the LLC or otherwise to take any and all such action to execute and deliver any and all such deeds and other instruments.

6. Conversion of Units. As of the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof:

(a) Each equity interest of the LLC ("Unit") issued and outstanding immediately prior to the Effective Time shall be converted into one duly authorized, validly issued, fully paid and nonassessable share of common stock, par value $0.01 (the "Common Stock"), of the Surviving Entity.

(b) All Units to be converted pursuant to Section 6(a) shall from and after the Effective Time no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist and each holder of a Unit which immediately prior to the Effective Time represented an equity interest in the LLC shall cease to have any rights as a member of the LLC, except the right to receive shares of Common Stock in accordance with Section 6(a) for each Unit held by them.

7. Conversion of Options. As of the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof:

(a) Each option or right to acquire Units issued by the LLC (each an "LLC Option") which is outstanding, unexpired and unexercised as of the Effective Time shall be converted into an option or right to acquire, as the case may be, a number of shares of Common Stock equal to the number of Units for which such LLC Option is then exercisable at an exercise price per share of Common Stock equal to the per Unit option exercise price then applicable to the LLC Option and otherwise subject to the same terms and conditions of the LLC Option as in effect immediately prior to the Effective Time, except that all references to the LLC in such LLC Option shall be deemed to be references to the Surviving Entity (each such option or right, a "Surviving Entity Option").

(b) All LLC Options to be converted pursuant to Section 7(a) shall from and after the Effective Time no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist and each holder of an LLC Option which immediately prior to the Effective Time represented a right to acquire Units shall cease to have any rights as members of the LLC, except the right to receive Surviving Entity Options in accordance with Section 7(a) for each LLC Option held by them.

8. Cancellation of Shares. All shares of Common Stock, issued and outstanding immediately prior to the Effective Time, shall no longer be outstanding and shall be cancelled and retired and shall cease to exist.

9. Amendment and Modification. This Merger Agreement may be amended or modified at any time by the parties hereto, but only pursuant to an instrument in writing signed by the parties and only in accordance with applicable provisions of Delaware law.

10. Entire Agreement; Assignment. This Merger Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties hereto with respect to the subject matter hereof.

11. Validity. The invalidity or unenforceability of any term or provision of this Merger Agreement in any situation or jurisdiction shall not affect the validity or enforceability of the other terms or provisions in any other situation or in any other jurisdiction.

12. Governing Law. This Merger Agreement shall be governed by, enforced under and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule thereof.

13. Descriptive Headings. The descriptive headings therein are inserted for convenience of reference only and shall in no way be construed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of, or scope or intent of, this Merger Agreement or in any way affect this Merger Agreement.

14. Counterparts. This Merger Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the LLC and the Corporation have caused this Merger Agreement to be signed by their respective duly authorized persons as of the date first above written.

PRICELINE.COM LLC

By:

Name: Paul E. Francis
Title: Chief Financial Officer

PRICELINE.COM INCORPORATED

By:

Name: Paul E. Francis
Title: Chief Financial Officer

Exhibit 4.3

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

among

PRICELINE.COM INCORPORATED,

GENERAL ATLANTIC PARTNERS 48, L.P.,

GAP COINVESTMENT PARTNERS, L.P.,

GENERAL ATLANTIC PARTNERS 50, L.P.,

and

THE STOCKHOLDERS NAMED HEREIN

Dated as of December 8, 1998

TABLE OF CONTENTS

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT, dated as of December 8, 1998 (this "Agreement"), among priceline.com Incorporated, a Delaware corporation (the "Company"), General Atlantic Partners 48, L.P., a Delaware limited partnership ("GAP LP"), GAP Coinvestment Partners, L.P., a New York limited partnership ("GAP Coinvestment"), General Atlantic Partners 50, L.P., a Delaware limited partnership ("GAP 50"), Jay Walker ("Walker"), Walker Digital Corporation, a Delaware corporation ("WDC"), the Jay Walker Irrevocable Credit Trust ("JWICT") and Richard S. Braddock ("Braddock").

WHEREAS, the Company, GAP LP, GAP Coinvestment and the Major Stockholders (as hereinafter defined) entered into a Registration Rights Agreement, dated as of July 31, 1998 (the "Original Registration Rights Agreement"), in connection with the purchase by GAP LP and GAP Coinvestment of shares of Series A Convertible Preferred Stock, par value $.01 per share, of the Company (the "Series A Preferred Stock") pursuant to a Stock Purchase Agreement, dated July 31, 1998, by and among the Company, GAP LP and GAP Coinvestment (the "GAP Stock Purchase Agreement");

WHEREAS, the Company intends to issue and sell to certain investors shares of Series B Convertible Preferred Stock, par value $.01 per share, of the Company (the "Series B Preferred Stock");

WHEREAS, from time to time, the Company may issue and sell additional shares of common stock or preferred stock of the Company, subject to the terms and conditions of the Stockholders Agreement (as defined herein); and

WHEREAS, in connection with the issuance and sale of the shares of Series B Preferred Stock, the Company, GAP LP, GAP Coinvestment and the Major Stockholders desire to amend and restate the Original Registration Rights Agreement, and the Company, GAP LP, GAP Coinvestment, the Major Stockholders desire to have the investors purchasing the Series B Preferred Stock become a party to this Agreement and such investors desire to become a party to this Agreement, all in accordance with the terms and conditions set forth herein.

The parties hereby agree as follows:

1. Definitions. As used in this Agreement the following terms have the meanings indicated:

"Affiliate" shall mean any Person who is an "affiliate" as defined in Rule 12b-2 of the General Rules and Regulations under the Exchange Act. The

following shall be deemed to be Affiliates of GAP LP: (a) GAP LLC, the members of GAP LLC and the limited partners of GAP LP; (b) any Affiliate of GAP LLC, the members of GAP LLC and the limited partners of GAP LP; and (c) any limited liability company or partnership a majority of whose members or partners, as the case may be, are members of GAP LLC. GAP LP, GAP Coinvestment and General Atlantic Partners 50, L.P. shall be deemed to be Affiliates of one another.

"Agreement" has the meaning set forth in the recitals to this Agreement.

"Approved Underwriter" has the meaning set forth in Section 3(f) of this Agreement.

"Braddock" has the meaning set forth in the recitals to this Agreement.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in the State of New York are authorized or required by law or executive order to close.

"Closing Price" means, with respect to the Registrable Securities, as of the date of determination, (a) the closing price per share of a Registrable Security on such date published in the Wall Street Journal or, if no such closing price on such date is published in the Wall Street Journal, the average of the closing bid and asked prices on such date, as officially reported on the principal national securities exchange (including, without limitation, The Nasdaq Stock Market, Inc.) on which the Registrable Securities are then listed or admitted to trading; or (b) if the Registrable Securities are not then listed or admitted to trading on any national securities exchange but are designated as national market system securities by the NASD, the last trading price per share of a Registrable Security on such date; or (c) if there shall have been no trading on such date or if the Registrable Securities are not so designated, the average of the reported closing bid and asked prices of the Registrable Securities on such date as shown by The Nasdaq Stock Market, Inc. (or its successor) and reported by any member firm of the New York Stock Exchange, Inc. selected by the Company; or (d) if none of (a), (b) or (c) is applicable, a market price per share reasonably determined in good faith by the Company's Board of Directors or, if such determination is not reasonably satisfactory to the Designated Holder for whom such determination is being made, by a nationally recognized investment banking firm selected by the Company and such Designated Holder, the expenses for which shall be borne equally by the Company and such Designated Holder.

"Common Stock" means the Common Stock, par value $.01 per share, of the Company or any other equity securities of the Company into which such

securities are converted, reclassified, reconstituted or exchanged or any other common stock of the Company.

"Company" has the meaning set forth in the recitals to this Agreement.

"Company Underwriter" has the meaning set forth in Section 4(a) of this Agreement.

"Demand Registration" has the meaning set forth in Section 3(a) of this Agreement.

"Demand Stockholders" means each stockholder or group of affiliated stockholders who (i) agree to become subject to this Agreement as a Demand Stockholder by executing and delivering the instrument attached hereto as Exhibit A and (ii) are approved as a Demand Stockholder by the Board of Directors.

"Designated Holder" means each of the Major Stockholders, the General Atlantic Stockholders, the Demand Stockholders, and the Piggy-Back Stockholders and any transferee of any of them to whom Registrable Securities have been transferred in accordance with the provisions of the Stockholders Agreement and Section 10(f) of this Agreement, other than a transferee to whom Registrable Securities have been transferred pursuant to a Registration Statement under the Securities Act or Rule 144 or Regulation S under the Securities Act (or any successor rule thereto).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"GAP Coinvestment" has the meaning set forth in the recitals to this Agreement.

"GAP LLC" means General Atlantic Partners, LLC, a Delaware limited liability company and the general partner of GAP LP, and any successor to such entity.

"GAP LP" has the meaning set forth in the recitals to this Agreement.

"GAP 50" has the meaning set forth in the recitals to this Agreement.

"GAP Stock Purchase Agreement" has the meaning set forth in the recitals to this Agreement.

"General Atlantic Stockholders" means GAP LP, GAP Coinvestment, GAP 50 and any Permitted Transferee (as defined in the Stockholders Agreement) of either of them to which Registrable Securities are transferred in accordance with Section 2.2 of the Stockholders Agreement.

"Holders' Counsel" has the meaning set forth in Section 7(a)(i) of this Agreement.

"Incidental Registration" has the meaning set forth in Section 4(a) of this Agreement.

"Indemnified Party" has the meaning set forth in Section 8(c) of this Agreement.

"Indemnifying Party" has the meaning set forth in Section 8(c) of this Agreement.

"Initial Public Offering" means an underwritten initial public offering pursuant to an effective Registration Statement filed under the Securities Act with a per share purchase price equal to or greater than the Conversion Price (as defined in the Certificate of Designations) then in effect and resulting in aggregate net proceeds (after expenses and underwriting commissions and discounts) to the Company and any selling stockholders of at least $50,000,000.

"Initiating Holders" has the meaning set forth in Section 3(a) of this Agreement.

"Inspector" has the meaning set forth in Section 7(a)(vii) of this Agreement.

"IPO Effectiveness Date" means the date upon which the Registration Statement with respect to the Initial Public Offering is declared effective.

"JWICT" has the meaning set forth in the recitals to this Agreement.

"Major Stockholders" means Walker, WDC, JWICT and Braddock and any Permitted Transferee of any of them to which Registrable Securities are transferred in accordance with Section 2.2 of the Stockholders Agreement.

"Market Price" means, on any date of determination, the average of the daily Closing Price of the Registrable Securities for the immediately preceding thirty (30) days on which the national securities exchange on which the Registrable Securities are listed is open for trading.

"NASD" has the meaning set forth in Section 7(a)(xiii) of this Agreement.

"Original Registration Rights Agreement" has the meaning set forth in the recitals to this Agreement.

"Person" means any individual, firm, corporation, partnership, limited liability company, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company, government (or an agency or political subdivision thereof) or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"Piggy-Back Stockholders" means each stockholder or group of affiliated stockholders who (i) agree to become subject to this Agreement as a Piggy-Back Stockholder by executing and delivering the instrument attached hereto as Exhibit B and (ii) are approved as a Piggy-Back Stockholder by the Board of Directors.

"Preferred Stock" means the Series A Preferred Stock, the Series B Preferred Stock and any other class or series of preferred stock of the Company that is convertible into shares of Common Stock, collectively.

"Records" has the meaning set forth in Section 7(a)(vii) of this Agreement.

"Registrable Securities" means each of the following: (a) any and all shares of Common Stock owned by the Designated Holders or issued or issuable upon conversion of shares of Preferred Stock or exercise of warrants, and any shares of Common Stock issued or issuable upon conversion of any shares of preferred stock of the Company acquired by any of the Designated Holders after the date hereof, (b) any other shares of Common Stock acquired or owned by any of the Designated Holders prior to the IPO Effectiveness Date, or acquired or owned by any of the Designated Holders after the IPO Effectiveness Date if such Designated Holder is an Affiliate of the Company and (c) any shares of Common Stock issued or issuable to any of the Designated Holders with respect to the Registrable Securities by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise and any shares of Common Stock or voting common stock issuable upon conversion, exercise or exchange thereof.

"Registration Expenses" has the meaning set forth in Section 7(d) of this Agreement.

"Registration Statement" means a Registration Statement filed pursuant to the Securities Act.

"Rule 144" has the meaning set forth in Section 9 of this Agreement.

"S-3 Initiating Holders" has the meaning set forth in Section 5(a) of this Agreement.

"S-3 Registration" has the meaning set forth in Section 5(a) of this Agreement.

"SEC" means the Securities and Exchange Commission or any similar agency then having jurisdiction to enforce the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Series A Preferred Stock" has the meaning set forth in the recitals to this Agreement.

"Series B Preferred Stock" has the meaning set forth in the recitals to this Agreement.

"Stockholders Agreement" means the Amended and Restated Stockholders Agreement, dated as of the date hereof, among the Company, GAP LP, GAP Coinvestment, the Major Stockholders and certain other stockholders of the Company.

"Walker" has the meaning set forth in the recitals to this Agreement.

"WDC" has the meaning set forth in the recitals to this Agreement.

2. General; Securities Subject to this Agreement.

(a) Grant of Rights. The Company hereby grants registration rights to the Major Stockholders, the General Atlantic Stockholders, the Demand Stockholders and the Piggy-Back Stockholders upon the terms and subject to the conditions set forth in this Agreement.

(b) Registrable Securities. For the purposes of this Agreement, Registrable Securities will cease to be Registrable Securities when (i) a Registration Statement covering such Registrable Securities has been declared effective under the Securities Act by the SEC and such Registrable Securities have been disposed of pursuant to such effective Registration Statement, (ii) such Registrable Securities

shall have been distributed pursuant to Rule 144, or (iii) the entire amount of Registrable Securities proposed to be sold in a single sale, in the opinion of counsel satisfactory to the Company and the Designated Holder, each in their reasonable judgment, may be distributed to the public without any limitation as to volume pursuant to Rule 144 (or any successor provision then in effect) under the Securities Act or (iv) the Registrable Securities are proposed to be sold or distributed by a Person not entitled to the registration rights granted by this Agreement.

(c) Holders of Registrable Securities. A Person is deemed to be a holder of Registrable Securities whenever such Person owns of record Registrable Securities, or holds an option to purchase, or a security convertible into or exercisable or exchangeable for, Registrable Securities whether or not such acquisition or conversion has actually been effected. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company may act upon the basis of the instructions, notice or election received from the registered owner of such Registrable Securities. Registrable Securities issuable upon exercise of an option or upon conversion of another security shall be deemed outstanding for the purposes of this Agreement.

3. Demand Registration.

(a) Request for Demand Registration. At any time after the IPO Effectiveness Date, each of (i) one or more of the General Atlantic Stockholders as a group, acting through GAP LLC or its written designee, (ii) one or more of the Major Stockholders as a group, acting through Walker or his written designee, or (iii) one or more of the Demand Stockholders, acting through its representative identified on the instrument executed by it in the form attached hereto as Exhibit A or such representative's written designee (the "Initiating Holders"), may make a written request to the Company to register, under the Securities Act (other than pursuant to a Registration Statement on Form S-4 or S-8 or any successor thereto) (a "Demand Registration"), the number of Registrable Securities stated in such request; provided, however, that the Company shall not be obligated to effect more than one Demand Registration for the General Atlantic Stockholders, one Demand Registration for the Major Stockholders and one Demand Registration for each of the Demand Stockholders pursuant to this Section 3. For purposes of the preceding sentence, two or more Registration Statements filed in response to one demand shall be counted as one Registration Statement. If at the time of any request to register Registrable Securities pursuant to this Section 3(a), the Company is engaged in, or has fixed plans to engage in within 90 days of the time of such request, a registered public offering or is engaged in or has fixed plans to engage in any other activity which, in the good faith determination of the Board of Directors of the Company, would be adversely affected in any material respect by the requested registration, then the Company may at its option direct that such request be delayed for a reasonable period not in excess of three months from the effective date of such offering or the date of completion of such other

material activity, as the case may be, such right to delay a request to be exercised by the Company not more than once in any one-year period. In addition, the Company shall not be required to effect any registration within 90 days after the effective date of any other Registration Statement of the Company. Each request for a Demand Registration by the Initiating Holders shall state the amount of the Registrable Securities proposed to be sold and the intended method of disposition thereof. Upon a request for a Demand Registration, the Company shall promptly take such steps as are necessary or appropriate to prepare for the registration of the Registrable Securities to be registered.

(b) Incidental or "Piggy-Back" Rights with Respect to a Demand Registration. Each of the Designated Holders (other than Initiating Holders which have requested the relevant registration under Section 3(a)) may offer its or his Registrable Securities under any Demand Registration pursuant to this Section 3(b). Within 10 days after the receipt of a request for a Demand Registration from an Initiating Holder, the Company shall (i) give written notice thereof to all of the Designated Holders (other than Initiating Holders which have requested such registration under Section 3(a)) and (ii) subject to Section 3(e), include in such registration all of the Registrable Securities held by such Designated Holders from whom the Company has received a written request for inclusion therein within 10 days of the receipt by such Designated Holders of such written notice referred to in clause (i) above. Each such request by such Designated Holders shall specify the number of Registrable Securities proposed to be registered and the intended method of disposition thereof. The failure of any Designated Holder to respond within such 10-day period referred to in clause (ii) above shall be deemed to be a waiver of such Designated Holder's rights under this Section 3 with respect to such Demand Registration, provided that any Designated Holder may waive its rights under this Section 3 prior to the expiration of such 10-day period by giving written notice to the Company, with a copy to the Initiating Holders. If a Designated Holder sends the Company a written request for inclusion of part or all of such Designated Holder's Registrable Securities in a registration, such Designated Holder shall not be entitled to withdraw or revoke such request without the prior written consent of the Company in its sole discretion unless, as a result of facts or circumstances arising after the date on which such request was made relating to the Company or to market conditions, such Designated Holder reasonably determines that participation in such registration would have a material adverse effect on such Designated Holder.

(c) Effective Demand Registration. The Company shall use its reasonable best efforts to cause any such Demand Registration to become and remain effective not later than ninety (90) days after it receives a request under Section 3(a) hereof. A registration shall not constitute a Demand Registration until it has become effective and remains continuously effective for the lesser of (i) the period during which all Registrable Securities registered in the Demand Registration are sold and (ii) 90 days; provided, however, that a registration shall not constitute a Demand

Registration if (x) after such Demand Registration has become effective, such registration or the related offer, sale or distribution of Registrable Securities thereunder is interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court for any reason not attributable to the Initiating Holders and such interference is not thereafter eliminated or (y) the conditions specified in the underwriting agreement, if any, entered into in connection with such Demand Registration are not satisfied or waived, other than by reason of a failure by any Designated Holder.

(d) Expenses. In any registration initiated as a Demand Registration, the Company shall pay all Registration Expenses in connection therewith, whether or not such Demand Registration becomes effective.

(e) Underwriting Procedures. If the Company or the Initiating Holders holding a majority of the Registrable Securities held by all of the Initiating Holders to which the requested Demand Registration relates so elect, the Company shall use reasonable best efforts to cause such Demand Registration to be in the form of a firm commitment underwritten offering and the managing underwriter or underwriters selected for such offering shall be the Approved Underwriter selected in accordance with Section 3(f). In connection with any Demand Registration under this Section 3 involving an underwritten offering, none of the Registrable Securities held by any Designated Holder making a request for inclusion of such Registrable Securities pursuant to Section 3(b) hereof shall be included in such underwritten offering unless such Designated Holder accepts the terms of the offering as agreed upon by the Company, the Initiating Holders and the Approved Underwriter. If the Approved Underwriter advises the Company in writing that in its opinion the aggregate amount of such Registrable Securities requested to be included in such offering is sufficiently large to have a material adverse effect on the success of such offering, then the Company shall include in such registration only the aggregate amount of Registrable Securities that in the opinion of the Approved Underwriter may be sold without any such material adverse effect and shall reduce the amount of Registrable Securities to be included in such registration, first as to the Company and, second as to the Initiating Holders and any other Designated Holders who requested inclusion of their Registrable Securities pursuant to Section 3(b), pro rata based on the number of Registrable Securities owned by each such Initiating Holder and Designated Holder.

(f) Selection of Underwriters. If any Demand Registration or S-3 Registration, as the case may be, of Registrable Securities is in the form of an underwritten offering, the Company shall select and obtain an investment banking firm of national reputation to act as the managing underwriter of the offering (the "Approved Underwriter"); provided, however, that the Approved Underwriter shall, in any case, also be approved by the Initiating Holders or S-3 Initiating Holders, as the case may be, such approval not to be unreasonably withheld.

4. Incidental or "Piggy-Back" Registration.

(a) Request for Incidental Registration. At any time after the IPO Effectiveness Date, if the Company proposes to file a Registration Statement under the Securities Act with respect to an offering by the Company for its own account (other than a Registration Statement on Form S-4 or S-8 or any successor thereto), then the Company shall give written notice of such proposed filing to each of the Designated Holders at least 30 days before the anticipated filing date, and such notice shall describe the proposed registration and distribution and offer such Designated Holders the opportunity to register the number of Registrable Securities as each such holder may request (an "Incidental Registration"). The Company shall, and shall use its best efforts (within 10 days of the notice provided for in the preceding sentence) to cause the managing underwriter or underwriters of a proposed underwritten offering (the "Company Underwriter") to permit each of the Designated Holders who have requested in writing to participate in the Incidental Registration to include its or his Registrable Securities in such offering on the same terms and conditions as the securities of the Company included therein. In connection with any Incidental Registration under this Section 4(a) involving an underwritten offering, the Company shall not be required to include any Registrable Securities in such underwritten offering unless the holders thereof accept the terms of the underwritten offering as agreed upon between the Company and the Company Underwriter, and then only in such quantity as will not, in the opinion of the Company Underwriter, jeopardize the success of the offering by the Company. If in the written opinion of the Company Underwriter the registration of all or part of the Registrable Securities which the Designated Holders have requested to be included would materially adversely affect the success of such offering, then the Company shall be required to include in such Incidental Registration, to the extent of the amount that the Company Underwriter believes may be sold without causing such adverse effect, first, all of the securities to be offered for the account of the Company; second, the Registrable Securities to be offered for the account of the Designated Holders pursuant to this Section 4, pro rata based on the number of Registrable Securities owned by each such Designated Holder; and third, any other securities requested to be included in such underwritten offering.

(b) Expenses. The Company shall bear all Registration Expenses in connection with any Incidental Registration pursuant to this Section 4, whether or not such Incidental Registration becomes effective.

5. Form S-3 Registration.

(a) Request for a Form S-3 Registration. Upon the Company becoming eligible for use of Form S-3 in connection with a public offering of its securities, in the event that the Company shall receive from (i) one or more of the General Atlantic Stockholders as a group, acting through GAP LLC or its written

designee, (ii) one or more of the Major Stockholders, as a group, acting through Walker or his written designee, or (iii) one or more of the Demand Stockholders, acting through its representative identified on the instrument executed by it in the form attached hereto as Exhibit A or such representative's written designee (the "S-3 Initiating Holders"), a written request that the Company register, under the Securities Act, on Form S-3 (or any successor form then in effect) (an "S-3 Registration"), all or a portion of the Registrable Securities owned by such S-3 Initiating Holders, the Company shall give written notice of such request to all of the Designated Holders (other than S-3 Initiating Holders which have requested an S-3 Registration under this Section 5(a)) at least 30 days before the anticipated filing date of such Form S-3, and such notice shall describe the proposed registration and offer such Designated Holders the opportunity to register the number of Registrable Securities as each such Designated Holder may request in writing to the Company, given within 15 days after their receipt from the Company of the written notice of such registration. The Company shall (i) take such steps as are necessary or appropriate to prepare for the registration of the Registrable Securities to be registered and (ii) subject to Section 5(b), use reasonable best efforts to (x) cause such registration pursuant to this Section 5(a) to become and remain effective as soon as practicable, but in any event not later than ninety (90) days after it receives a request therefor and (y) include in such offering the Registrable Securities of the Designated Holders (other than S-3 Initiating Holders which have requested an S-3 Registration under this Section 5(a)) who have requested in writing to participate in such registration on the same terms and conditions as the Registrable Securities of the S-3 Initiating Holders included therein.

(b) Form S-3 Underwriting Procedures. If the Company or the S-3 Initiating Holders holding a majority of the Registrable Securities held by all of the S-3 Initiating Holders to which the requested S-3 Registration relates so elect, the Company shall use reasonable best efforts to cause such S-3 Registration pursuant to this Section 5 to be in the form of a firm commitment underwritten offering and the managing underwriter or underwriters selected for such offering shall be the Approved Underwriter selected in accordance with Section 3(f). In connection with any S-3 Registration under Section 5(a) involving an underwritten offering, the Company shall not be required to include any Registrable Securities in such underwritten offering unless the Designated Holders thereof accept the terms of the underwritten offering as agreed upon between the Company, the Approved Underwriter and the S-3 Initiating Holders. If in the written opinion of the Approved Underwriter the registration of all or part of the Registrable Securities which the S-3 Initiating Holders and the other Designated Holders have requested to be included would materially adversely affect the success of such public offering, then the Company shall be required to include in the underwritten offering, to the extent of the amount that the Approved Underwriter believes may be sold without causing such adverse effect, first, the Registrable Securities to be offered for the account of the S-3 Initiating Holders and the other Designated Holders who requested inclusion of their Registrable Securities pursuant to Section 5(a), pro rata based on the number of Registrable Securities owned by each

such S-3 Initiating Holder and Designated Holder and second, any other securities requested to be included in such underwritten offering.

(c) Limitations on Form S-3 Registrations. If at the time of any request to register Registrable Securities pursuant to Section 5(a), the Company is engaged in, or has fixed plans to engage in within 90 days of the time of such request, a registered public offering or is engaged or has fixed plans to engage in any other activity which, in the good faith determination of the Board of Directors of the Company, would be adversely affected in any material respect by the requested S-3 Registration then the Company may at its option direct that such request be delayed for a reasonable period not in excess of three months from the effective date of such offering or the date of completion of such other material activity, as the case may be, such right to delay a request to be exercised by the Company not more than once in any one-year period. In addition, the Company shall not be required to effect any registration pursuant to Section 5(a) (i) within three months after the effective date of any other Registration Statement of the Company, (ii) if within the 12-month period preceding the date of such request, the Company has effected two registrations on Form S-3 pursuant to Section 5(a) and all of the Registrable Securities registered therein have been sold, (iii) if Form S-3 is not available for such offering by the S-3 Initiating Holders or (iv) if the S-3 Initiating Holders, together with the Designated Holders (other than S-3 Initiating Holders which have requested an S-3 Registration under Section 5(a)) registering Registrable Securities in such registration, propose to sell their Registrable Securities at an aggregate price (calculated based upon the Market Price of the Registrable Securities on the date of filing of the Form S-3 with respect to such Registrable Securities) to the public of less than $2,500,000.

(d) Expenses. In connection with any registration pursuant to this Section 5, the Company shall pay all Registration Expenses, whether or not such registration becomes effective.

(e) No Demand Registration. No registration requested by any Designated Holder pursuant to this Section 5 shall be deemed a Demand Registration pursuant to Section 3.

6. Holdback Agreements.

(a) Restrictions on Public Sale by Designated Holders. If and to the extent requested by the Company, the Initiating Holders or the S-3 Initiating Holders, as the case may be, in the case of a non-underwritten public offering or if and to the extent requested by the Approved Underwriter or the Company Underwriter, as the case may be, in the case of an underwritten public offering, each Designated Holder of Registrable Securities agrees (i) not to effect any public sale or distribution of any Registrable Securities or of any securities convertible into or exchangeable or exercisable for such Registrable Securities, including a sale pursuant to Rule 144, and

(ii) not to make any request for a Demand Registration or S-3 Registration under this Agreement, during the 120-day period or such shorter period agreed upon by such Designated Holder and the requesting party beginning thirty days prior to the anticipated effective date of such Registration Statement (except as part of such registration).

(b) Restrictions on Public Sale by the Company. The Company agrees not to effect any public sale or distribution of any of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities (except pursuant to such registrations on Form S-4 or S-8 or any successor thereto), during the period beginning on the effective date of any Registration Statement in which the Designated Holders of Registrable Securities are participating and ending on the earlier of (i) the date on which all Registrable Securities registered on such Registration Statement are sold and (ii) 90 days after the effective date of such Registration Statement (except as part of such registration).

7. Registration Procedures.

(a) Obligations of the Company. Whenever registration of Registrable Securities has been requested pursuant to Section 3, Section 4 or Section 5 of this Agreement, the Company shall use reasonable best efforts to effect the registration and sale of such Registrable Securities in accordance with the intended method of distribution thereof as quickly as practicable, and in connection with any such request, the Company shall, as expeditiously as possible:

(i) prepare and file with the SEC a Registration Statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of such Registrable Securities in accordance with the intended method of distribution thereof, and use its best efforts to cause such Registration Statement to become effective; provided, however, that (x) before filing a Registration Statement or prospectus or any amendments or supplements thereto, the Company shall provide one counsel selected by the Designated Holders holding a majority of the Registrable Securities being registered in such registration ("Holders' Counsel") and any other Inspector with an adequate opportunity to review and comment on such Registration Statement and each prospectus included therein (and each amendment or supplement thereto) to be filed with the SEC, subject to such documents being under the Company's control, and (y) the Company shall notify the Holders' Counsel and each seller of Registrable Securities of any stop order issued or threatened by the SEC and take all reasonable action required to prevent the entry of such stop order or to remove it if entered;

(ii) prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective for the

lesser of (x) 90 days and (y) such shorter period which will terminate when all Registrable Securities covered by such Registration Statement have been sold, and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement;

(iii) as soon as reasonably practicable, furnish to each seller of Registrable Securities, prior to filing a Registration Statement, at least one copy of such Registration Statement as is proposed to be filed, and thereafter such number of copies of such Registration Statement, each amendment and supplement thereto (in each case including all exhibits thereto), and the prospectus included in such Registration Statement (including each preliminary prospectus) as each such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller;

(iv) register or qualify such Registrable Securities under such other securities or "blue sky" laws of such jurisdictions as any seller of Registrable Securities may reasonably request, and to continue such qualification in effect in such jurisdiction for as long as permissible pursuant to the laws of such jurisdiction, or for as long as any such seller requests or until all of such Registrable Securities are sold, whichever is shortest, and do any and all other acts and things which may be reasonably necessary or advisable to enable any such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller; provided, however, that the Company shall not be required to (x) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 7(a)(iv), (y) subject itself to taxation in any such jurisdiction or (z) consent to general service of process in any such jurisdiction;

(v) notify each seller of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such Registration Statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, and the Company shall promptly prepare a supplement or amendment to such prospectus and furnish to each seller a reasonable number of copies of such supplement to or an amendment of such prospectus as may be necessary so that, after delivery to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(vi) enter into and perform customary agreements (including an underwriting agreement in customary form with the Approved Underwriter or Company Underwriter, if any, selected as provided in Section 3, Section 4 or Section 5, as the case may be) and take such other actions as are prudent and reasonably required in order to expedite or facilitate the disposition of such Registrable Securities;

(vii) make available at reasonable times for inspection by any seller of Registrable Securities, any managing underwriter participating in any disposition of such Registrable Securities pursuant to a Registration Statement, Holders' Counsel and any attorney, accountant or other agent retained by any such seller or any managing underwriter (each, an "Inspector" and collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's and its subsidiaries' officers, directors and employees, and the independent public accountants of the Company, to supply all information reasonably requested by any such Inspector in connection with such Registration Statement. Records that the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors (and the Inspectors shall confirm their agreement in writing in advance to the Company if the Company shall so request) unless (x) the disclosure of such Records is necessary, in the Company's judgment, to avoid or correct a misstatement or omission in the Registration Statement, (y) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction after exhaustion of all appeals therefrom or (z) the information in such Records was known to the Inspectors on a non-confidential basis prior to its disclosure by the Company or has been made generally available to the public. Each seller of Registrable Securities agrees that it shall, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at the Company's expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential;

(viii) if such sale is pursuant to an underwritten offering, use reasonable best efforts to obtain a "cold comfort" letter from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by "cold comfort" letters as Holders' Counsel or the managing underwriter reasonably request;

(ix) use its reasonable best efforts to furnish, at the request of any seller of Registrable Securities on the date such securities are delivered to the underwriters for sale pursuant to such registration or, if such securities are not being sold through underwriters, on the date the Registration Statement with respect to such securities becomes effective, an opinion, dated such date, of counsel representing

the Company for the purposes of such registration, addressed to the underwriters, if any, and to the seller making such request, covering such legal matters with respect to the registration in respect of which such opinion is being given as such seller may reasonably request and are customarily included in such opinions;

(x) otherwise use reasonable best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable but no later than fifteen (15) months after the effective date of the Registration Statement, an earnings statement covering a period of twelve (12) months beginning after the effective date of the Registration Statement, in a manner which satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(xi) cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed, provided that the applicable listing requirements are satisfied;

(xii) keep Holders' Counsel advised as to the initiation and progress of any registration under Section 3, Section 4 or Section 5 hereunder;

(xiii) cooperate with each seller of Registrable Securities and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers, Inc. (the "NASD"); and

(xiv) take all other steps reasonably necessary to effect the registration of the Registrable Securities contemplated hereby.

(b) Seller Information. The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish to the Company such information regarding the distribution of such securities as the Company may from time to time reasonably request in writing.

(c) Notice to Discontinue. Each Designated Holder of Registrable Securities agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 7(a)(v), such Designated Holder shall forthwith discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Designated Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 7(a)(v) and, if so directed by the Company, such Designated Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Designated Holder's possession, of the prospectus covering such Registrable Securities which is current at the time of receipt of such notice. If the Company shall give any such notice, the Company shall extend the period during which

such Registration Statement shall be maintained effective pursuant to this Agreement (including, without limitation, the period referred to in Section 7(a)(ii)) by the number of days during the period from and including the date of the giving of such notice pursuant to Section 7(a)(v) to and including the date when sellers of such Registrable Securities under such Registration Statement shall have received the copies of the supplemented or amended prospectus contemplated by and meeting the requirements of Section 7(a)(v).

(d) Registration Expenses. The Company shall pay all expenses arising from or incident to its performance of, or compliance with, this Agreement, including, without limitation, (i) SEC, stock exchange and NASD registration and filing fees, (ii) all fees and expenses incurred in complying with securities or "blue sky" laws (including reasonable fees, charges and disbursements of counsel to any underwriter incurred in connection with "blue sky" qualifications of the Registrable Securities), (iii) all printing, messenger and delivery expenses, (iv) the fees, charges and disbursements of counsel to the Company and of its independent public accountants and any other accounting fees, charges and expenses incurred by the Company (including, without limitation, any expenses arising from any "cold comfort" letters or any special audits incident to or required by any registration or qualification) and any legal fees, charges and expenses incurred by the Company and, in the case of a Demand Registration, the Initiating Holders and (v) any liability insurance or other premiums for insurance for the benefit of the Company or its directors and officers obtained in connection with any Demand Registration or piggy-back registration thereon, Incidental Registration or S-3 Registration pursuant to the terms of this Agreement, regardless of whether such Registration Statement is declared effective. All of the expenses described in the preceding sentence of this Section 7(d) are referred to herein as "Registration Expenses." "Registration Expenses" shall not include, and the Designated Holders of Registrable Securities sold pursuant to a Registration Statement shall bear, the expense of any broker's commission or underwriter's discount or commission relating to registration and sale of such Holders' Registrable Securities and any fees and expenses of counsel to or accountants or other advisors for, such Designated Holders, all of which shall be borne by the Designated Holders, provided, however, that nothing in this Section 7(d) shall be construed to supersede the Company's obligations with respect to the payment of expenses in connection with a Demand Registration or an Incidental Registration, as described in Sections 3(d) and 4(b) above and clause (iv) above.

8. Indemnification; Contribution.

(a) Indemnification by the Company. The Company agrees to indemnify and hold harmless each Designated Holder and each Person who controls (within the meaning of Section 15 of the Securities Act) such Designated Holder from and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) incurred by them arising out of or based

upon any untrue, or allegedly untrue, statement of a material fact contained in any Registration Statement, prospectus or preliminary prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same are made in reliance upon, caused by or contained in any information concerning such Designated Holder furnished in writing to the Company by or on behalf of such Designated Holder expressly for use therein, including, without limitation, the information furnished to the Company pursuant to Section 8(b). The Company shall also provide customary indemnities to any underwriters of the Registrable Securities and each Person who controls such underwriters (within the meaning of Section 15 of the Securities Act) to the same extent as provided above with respect to the indemnification of the Designated Holders of Registrable Securities.

(b) Indemnification by Designated Holders. In connection with any Registration Statement in which a Designated Holder is participating pursuant to Section 3, Section 4 or Section 5 hereof, each such Designated Holder shall promptly furnish to the Company in writing such information with respect to such Designated Holder as the Company may reasonably request or as may be required by law for use in connection with any such Registration Statement or prospectus and all information required to be disclosed in order to make the information previously furnished to the Company by such Designated Holder not materially misleading or necessary to cause such Registration Statement not to omit a material fact with respect to such Designated Holder necessary in order to make the statements therein not misleading. Each Designated Holder agrees to indemnify and hold harmless the Company, any underwriter retained by the Company and each Person who controls the Company or such underwriter (within the meaning of Section 15 of the Securities Act) to the same extent as the foregoing indemnity from the Company to the Designated Holders, but only with respect to any such information with respect to such Designated Holder furnished in writing to the Company by or on behalf of such Designated Holder expressly for use therein, including, without limitation, the information furnished to the Company pursuant to this Section 8(b); provided, however, that the total amount to be indemnified by such Designated Holder pursuant to this Section 8(b) shall be limited to the net proceeds received by such Designated Holder in the offering to which the Registration Statement or prospectus relates.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder (the "Indemnified Party") agrees to give prompt written notice to the indemnifying party (the "Indemnifying Party") after the receipt by the Indemnified Party of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which the Indemnified Party intends to claim indemnification or contribution pursuant to this Agreement; provided, however, that the failure so to notify the Indemnifying Party shall not relieve

the Indemnifying Party of any liability that it may have to the Indemnified Party hereunder; except to the extent that the Indemnifying Party is prejudiced or otherwise forfeits substantive rights or defenses by reason of such failure. If notice of commencement of any such action is given to the Indemnifying Party as above provided, the Indemnifying Party shall be entitled to participate in and, to the extent it may wish, jointly with any other Indemnifying Party similarly notified, to assume the defense of such action at its own expense, with counsel chosen by it and reasonably satisfactory to such Indemnified Party. The Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be paid by the Indemnified Party unless (i) the Indemnifying Party agrees to pay the same, (ii) the Indemnifying Party fails to assume the defense of such action with counsel reasonably satisfactory to the Indemnified Party or (iii) the named parties to any such action (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and such parties have been advised by such counsel that either (x) representation of such Indemnified Party and the Indemnifying Party by the same counsel would be inappropriate under applicable standards of professional conduct or (y) there may be one or more legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party. In any of such cases, the Indemnifying Party shall not have the right to assume the defense of such action on behalf of such Indemnified Party, it being understood, however, that the Indemnifying Party shall not be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all Indemnified Parties. No Indemnifying Party shall be liable for any settlement entered into without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the consent of such Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which such Indemnified Party is a party and indemnity has been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability for claims that are the subject matter of such proceeding.

(d) Contribution. If the indemnification provided for in this Section 8 from the Indemnifying Party is unavailable to an Indemnified Party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative faults of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such Indemnifying Party or

Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Sections 8(a), 8(b) and 8(c), any legal or other fees, charges or expenses reasonably incurred by such party in connection with any investigation or proceeding; provided that the total amount to be indemnified by such Designated Holder shall be limited to the net proceeds received by such Designated Holder in the offering.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

9. Rule 144. The Company covenants that from and after the IPO Effectiveness Date it shall (a) file any reports required to be filed by it under the Exchange Act and (b) take such further action as each Designated Holder of Registrable Securities may reasonably request (including providing any information necessary to comply with Rule 144), all to the extent required from time to time to enable such Designated Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such rule may be amended from time to time ("Rule 144"), or (ii) any similar rules or regulations hereafter adopted by the SEC. The Company shall, upon the request of any Designated Holder of Registrable Securities, deliver to such Designated Holder a written statement as to whether it has complied with such requirements.

10. Miscellaneous.

(a) Recapitalizations, Exchanges, etc. The provisions of this Agreement shall apply, to the full extent set forth herein with respect to (i) the shares of Common Stock, (ii) any and all shares of voting common stock of the Company into which the shares of Common Stock are converted, exchanged or substituted in any recapitalization or other capital reorganization by the Company and (iii) any and all equity securities of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in conversion of, in exchange for or in substitution of, the shares of Common Stock and shall be appropriately adjusted for any stock dividends, splits, reverse splits, combinations, recapitalizations and the like occurring after the date hereof. The Company shall cause any successor or assign (whether by sale, merger or otherwise) to

enter into a new registration rights agreement with the Designated Holders on terms substantially the same as this Agreement as a condition of any such transaction.

(b) No Inconsistent Agreements. The Company represents and warrants that it has not granted to any Person the right to request or require the Company to register any securities issued by the Company, other than the rights granted to the Designated Holders herein. The Company shall not enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Designated Holders in this Agreement or grant any additional registration rights to any Person or with respect to any securities which are not Registrable Securities which are prior in right to or inconsistent with the rights granted in this Agreement.

(c) Remedies. The Designated Holders, in addition to being entitled to exercise all rights granted by law, including recovery of damages, shall be entitled to specific performance of their rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive in any action for specific performance the defense that a remedy at law would be adequate.

(d) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless consented to in writing by (i) the Company, (ii) the Major Stockholders holding Registrable Securities representing (after giving effect to any adjustments) at least a majority of the aggregate number of Registrable Securities owned by all of the Major Stockholders, (iii) the General Atlantic Stockholders holding Registrable Securities representing (after giving effect to any adjustments) at least a majority of the aggregate number of Registrable Securities owned by all of the General Atlantic Stockholders, (iv) the holders holding Registrable Securities representing (after giving effect to any adjustments) at least a majority of the aggregate number of Registrable Securities owned by each Demand Stockholder and, if the amendment, supplement, modification, waiver or consent adversely affects the rights or obligations of the Piggy-Back Stockholders, then also by (v) the holders holding Registrable Securities representing (after giving effect to any adjustments) at least a majority of the aggregate number of Registrable Securities owned by each Piggy-Back Stockholder. Any such written consent shall be binding upon the Company and all of the Designated Holders.

(e) Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be made by registered or certified first-class mail, return receipt requested, telecopier, courier service, overnight mail or personal delivery:

(i) if to the Company or the Major Stockholders:

priceline.com Incorporated
4 High Ridge Park
Stamford, Connecticut 06905
Telecopy: (203) 595-8344
Attention: Mr. Paul E. Francis
Melissa M. Taub, Esq.

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
Wilmington, Delaware 19801
Telecopy: (302) 651-3001
Attention: Patricia Moran Chuff, Esq.

(ii) if to the General Atlantic Stockholders

c/o General Atlantic Service Corporation:
3 Pickwick Plaza
Greenwich, Connecticut 06830
Telecopy: (203) 622-8818
Attention: Mr. William E. Ford
David A. Rosenstein, Esq.

with a copy to:
Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
Telecopy: (212) 757-3990
Attention: Matthew Nimetz, Esq.

(iii) if to any other Designated Holder, at its address as it appears on the record books of the Company.

All such notices and communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier or overnight mail, if delivered by commercial courier service or overnight mail; five (5) Business Days after being deposited in the mail, postage prepaid, if mailed; and when receipt is mechanically acknowledged, if properly telecopied.

(f) Successors and Assigns; Third-Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the heirs, legatees, legal

representatives, successors and permitted assigns of each of the parties hereto as hereinafter provided. The Demand Registration Rights and/or the S-3 Registration Rights of the General Atlantic Stockholders, the Major Stockholders and any Demand Stockholders in Sections 3 and 5 hereof, respectively, and the other rights of each of the General Atlantic Stockholders, the Major Stockholders, any Demand Stockholders and any Piggy-Back Stockholders with respect thereto shall be, with respect to any Registrable Security, (i) automatically transferred upon a transfer of Registrable Securities in accordance with the Stockholders Agreement, in the case of such rights of the General Atlantic Stockholders, among the General Atlantic Stockholders, in the case of such rights of the Major Stockholders, among the Major Stockholders, in the case of any Demand Stockholders, among any stockholders collectively included in the definition of said Demand Stockholder, and, in the case of any Piggy-Back Stockholders, among any stockholders collectively included in the definition of said Piggy-Back Stockholder and (ii) in all other cases, transferred only with the consent of the Company. The incidental or "piggy-back" registration rights of the Designated Holders contained in Sections 3(b) and 4 hereof and the other rights of each of the Designated Holders with respect thereto shall be, with respect to any Registrable Security, automatically transferred upon a transfer of Registrable Securities in accordance with the Stockholders Agreement by such Designated Holder to any Person who is the transferee of such Registrable Security. All of the obligations of the Company hereunder shall survive any such transfer. No Person other than the parties hereto and their heirs, legatees, legal representatives, successors and permitted assigns is intended to be a beneficiary of any of the rights granted hereunder.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the principles of conflicts of law of any jurisdiction.

(j) Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, it being intended that all of the rights and privileges of the Designated Holders shall be enforceable to the fullest extent permitted by law.

(k) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and in the GAP Stock Purchase Agreement, the Stockholders Agreement and any stock purchase agreement between the Company and a Demand Stockholder or a Piggy-Back Stockholder. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter, including, without limitation, the Original Registration Rights Agreement.

(l) Further Assurances. Each of the parties shall execute such documents and perform such further acts as may be reasonably required or necessary to carry out or to perform the provisions of this Agreement.

(m) Other Agreements. Nothing contained in this Agreement shall be deemed to be a waiver of, or release from, any obligations any party hereto may have under, or any restrictions on the transfer of Registrable Securities or other securities of the Company imposed by, any other agreement including, but not limited to, the Stock Purchase Agreement, the Stockholders Agreement, the Certificate of Designations for the Series A Preferred Stock, Series B Preferred Stock or any other series of preferred stock issued to a Demand Stockholder or a Piggy-Back Stockholder and any stock purchase agreement between the Company and a Demand Stockholder or a Piggy-Back Stockholder.

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT on the date first written above.

PRICELINE.COM INCORPORATED

By:

Name:
Title:

GENERAL ATLANTIC PARTNERS 48, L.P.

By: GENERAL ATLANTIC PARTNERS, LLC,
its General Partner

By:

Name:
Title: A Managing Member

GAP COINVESTMENT PARTNERS, L.P.

By:

Name:
Title:

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT on the date first written above.

GENERAL ATLANTIC PARTNERS 50, L.P.

By: GENERAL ATLANTIC PARTNERS, LLC,
its General Partner

By:

Name:
Title: A Managing Member

WALKER DIGITAL CORPORATION

By:

Name:
Title:

THE JAY WALKER IRREVOCABLE CREDIT TRUST

By:

Name:
Title:

Exhibit A

ACKNOWLEDGMENT AND AGREEMENT
TO THE AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

WHEREAS, pursuant to a [ ], the undersigned [wishes] [wish] to receive from priceline.com Incorporated, a Delaware corporation (the "Company"), _____ shares, par value $0.01 per share, of [Common Stock] [Preferred Stock], or certain newly issued options, warrants or other rights to purchase _____ shares of Common Stock (the "Shares"), of the Company; and

WHEREAS, the undersigned [wishes] [wish] to receive certain registration rights with respect to such Shares; and

WHEREAS, the undersigned [has] [have] reviewed a copy of that certain Amended and Restated Registration Rights Agreement, dated as of December 8, 1998 (the "Agreement"), among the Company, General Atlantic Partners 48, L.P., GAP Coinvestment Partners, L.P., General Atlantic Partners 50, L.P. and the stockholders named therein and [has] [have] been given a copy of the Agreement and afforded ample opportunity to read and to have counsel review it, and the undersigned [is] [are] thoroughly familiar with its terms.

NOW, THEREFORE, in consideration of the mutual premises contained herein and in the Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and to induce the Company to issue such Shares and to grant such registration rights, the undersigned [does] [collectively do] hereby acknowledge and agree that (i) the undersigned [has] [have] been given a copy of the Agreement and afforded ample opportunity to read and to have counsel review it, and the undersigned is thoroughly familiar with its terms, (ii) the Shares are subject to terms and conditions set forth in the Agreement, (iii) the undersigned [does] [collectively do] hereby agree fully to be bound by the Agreement collectively as a group as a "Demand Stockholder" (as therein defined), and upon the execution and delivery of this Acknowledgment and Agreement by the Company, the undersigned shall have [collectively as a group] all of the rights and obligations under the Agreement as a Demand Stockholder and (iv) the undersigned [does] [collectively do] hereby name _____ to serve as [its] [their] representative under the Agreement.

This _____ day of _____, 19__.

PRICELINE.COM INCORPORATED

By:

Name:
Title:

Exhibit B

ACKNOWLEDGMENT AND AGREEMENT
TO THE AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

WHEREAS, pursuant to a [ ], the undersigned [wishes] [wish] to receive from priceline.com Incorporated, a Delaware corporation (the "Company"), _____ shares, par value $0.01 per share, of [Common Stock] [Preferred Stock], or certain newly issued options, warrants or other rights to purchase _____ shares of Common Stock (the "Shares"), of the Company; and

WHEREAS, the undersigned [wishes] [wish] to receive certain registration rights with respect to such Shares; and

WHEREAS, the undersigned [has] [have] reviewed a copy of that certain Amended and Restated Registration Rights Agreement, dated as of December 8, 1998 (the "Agreement"), among the Company, General Atlantic Partners 48, L.P., GAP Coinvestment Partners, L.P., General Atlantic Partners 50, L.P. and the stockholders named therein and [has] [have] been given a copy of the Agreement and afforded ample opportunity to read and to have counsel review it, and the undersigned [is] [are] thoroughly familiar with its terms.

NOW, THEREFORE, in consideration of the mutual premises contained herein and in the Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and to induce the Company to issue such Shares and to grant such registration rights, the undersigned [does] [collectively do] hereby acknowledge and agree that (i) the undersigned [has] [have] been given a copy of the Agreement and afforded ample opportunity to read and to have counsel review it, and the undersigned is thoroughly familiar with its terms, (ii) the Shares are subject to terms and conditions set forth in the Agreement, (iii) the undersigned [does] [collectively do] hereby agree fully to be bound by the Agreement as a Piggy-Back Stockholder (as therein defined), and upon the execution and delivery of this Acknowledgment and Agreement by the Company, the undersigned shall have [collectively as a group] all of the rights and obligations under the Agreement as a Piggy-Back Stockholder, and (iv) the undersigned [does] [collectively do] hereby name _____ to serve as [its] [their] representative under the Agreement.

This _____ day of _____, 19__.

PRICELINE.COM INCORPORATED

By: ----------
Name:
Title:

Exhibit 10.2

Execution Copy

STOCK PURCHASE AGREEMENT

by and among

PRICELINE.COM INCORPORATED,

GENERAL ATLANTIC PARTNERS 48, L.P.

and

GAP COINVESTMENT PARTNERS, L.P.

Dated: July 31, 1998

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EXHIBITS

SCHEDULES

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated July 31, 1998 (the "Agreement"), among priceline.com Incorporated, a Delaware corporation (the "Company"), General Atlantic Partners 48, L.P., a Delaware limited partnership ("GAP LP"), and GAP Coinvestment Partners, L.P., a New York limited partnership ("GAP Coinvestment" and, together with GAP LP, the "Purchasers").

WHEREAS, upon the terms and conditions set forth in this Agreement, the Company proposes to issue and sell to (a) GAP LP, for an aggregate purchase price of $17,600,000 (subject to adjustment as more specifically provided herein), an aggregate of 15,214,042 shares of Series A Convertible Preferred Stock, par value $0.01 per share, of the Company (the "Preferred Stock") and (b) GAP Coinvestment, for an aggregate purchase price of $2,400,000 (subject to adjustment as more specifically provided herein), an aggregate of 2,074,642 shares of Preferred Stock;

WHEREAS, each share of Preferred Stock is convertible (subject to adjustment) into one share of Common Stock; and

WHEREAS, the transactions contemplated by this Agreement and the Agreement of Merger, dated July 31, 1998, between priceline.com LLC and the Company constitute part of a single integrated transaction and are pursuant to a single integrated plan intended to qualify as a tax-free transaction under Section 351 of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, in consideration of the mutual covenants and agree ments set forth herein and for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

"Adjusted Price Per Share" has the meaning set forth in Section 2.4 of this Agreement.

"Affiliate" shall mean any Person who is an "affiliate" as defined in Rule 12b-2 of the General Rules and Regulations under the Exchange Act. The following shall be deemed to be Affiliates of GAP LP: (a) GAP LLC, the members of GAP LLC

and the limited partners of GAP LP; (b) any Affiliate of the limited partners of GAP LP; and (c) any limited liability company or partnership a majority of whose members or partners, as the case may be, are members of GAP LLC. GAP LP and GAP Coinvestment shall be deemed to be Affiliates of one another.

"Agreement" means this Agreement as the same may be amended, supplemented or modified in accordance with the terms hereof.

"Assets" has the meaning set forth in Section 3.18 of this Agreement.

"Balance Sheets" has the meaning set forth in Section 3.11 hereto.

"Board of Directors" means the Board of Directors of the Company.

"Breitenbach Agreement" means the Employment Agreement dated January 1, 1998 among Paul Breitenbach, Jay Walker, WDC and the Company.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in the State of New York are authorized or required by law or executive order to close.

"By-laws" means the by-laws of the Company in effect on the Closing Date substantially in the form attached hereto as Exhibit A-2, as the same may be amended from time to time.

"Capital Lease Obligations" of any Person shall mean, as of the date of determination, the obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) of real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP consistently applied.

"Certificate of Designations" means the Certificate of Designations with respect to the Preferred Stock adopted by the Board of Directors and filed with the Secretary of State of the State of Delaware on or before the Closing Date substantially in the form attached hereto as Exhibit B.

"Certificate of Incorporation" means the Certificate of Incorporation of the Company substantially in the form attached hereto as Exhibit A-1, as the same may be amended from time to time.

"Chief Executive Officer" has the meaning set forth in Section 5.15 of this Agreement.

"Claims" has the meaning set forth in Section 3.5 of this Agreement.

"Closing" has the meaning set forth in Section 2.3 of this Agreement.

"Closing Date" has the meaning set forth in Section 2.3 of this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor statute thereto.

"Commission" means the Securities and Exchange Commission or any similar agency then having jurisdiction to enforce the Securities Act.

"Common Stock" means the common stock, par value $0.01 per share, of the Company.

"Company" has the meaning set forth in the recitals to this Agreement.

"Condition of the Company" means the assets, business, properties, operations or financial condition of the Company.

"Contingent Obligation" means, as applied to any Person, any direct or indirect liability of that Person with respect to any Indebtedness, lease, dividend, guaranty, letter of credit or other obligation, contractual or otherwise (the "primary obligation") of another Person (the "primary obligor"), whether or not contingent, (a) to purchase, repurchase or otherwise acquire such primary obligations or any property constituting direct or indirect security therefor, or (b) to advance or provide funds (i) for the payment or discharge of any such primary obligation, or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, or (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the owner of any such primary obligation against loss or failure or inability to perform in respect thereof. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof.

"Contractual Obligations" means as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument to which such Person is a party or by which it or any of its property is bound.

"Copyrights" means any foreign or United States copyright registrations and applications for registration thereof, and any non-registered copyrights.

"Defined Benefit Plan" means a defined benefit plan within the meaning of Section 3(35) of ERISA or Section 414(j) of the Code, whether funded or unfunded, qualified or nonqualified (whether or not subject to ERISA or the Code).

"Election Notice" has the meaning set forth in Section 2.4 of this Agreement.

"Environmental Laws" means federal, state, local and foreign laws, principles of common law, civil law, regulations and codes, as well as orders, decrees, judgments or injunctions issued, promulgated, approved or entered thereunder relating to pollution, protection of the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any Person that is treated as a single employer with the Company under Section 414(b), (c), (m) or (o) of the Code.

"Excess Option Shares" has the meaning set forth in Section 2.4 of this Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder.

"Excluded Issuances" means (a) the conditional future grant to Richard S. Braddock, as described in the term sheet dated July 17, 1998 attached hereto as Exhibit G, of a warrant to purchase three million shares of Common Stock, vesting upon the earlier to occur of (i) the Company achieving a public market capitalization of $750 million, and (ii) the Company earning pre-tax operating income of $70 million for a twelve month period occurring over four consecutive fiscal quarters, and (b) any performance-based warrants to purchase shares of Common Stock.

"Financial Statements" has the meaning set forth in Section 3.11 of this Agreement.

"GAAP" means generally accepted accounting principles in effect from time to time in the United States.

"GAP Coinvestment" has the meaning set forth in the recitals to this Agreement.

"GAP LLC" means General Atlantic Partners, LLC, a Delaware limited liability company and the general partner of GAP LP, and any successor to such entity.

"GAP LP" has the meaning set forth in the recitals to this Agreement.

"Grant Notice" has the meaning set forth in Section 2.4 hereto.

"Governmental Authority" means the government of any nation, state, city, locality or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Indebtedness" means, as to any Person, (a) all obligations of such Person for borrowed money (including, without limitation, reimbursement and all other obligations with respect to surety bonds, letters of credit and bankers' acceptances, whether or not matured), (b) all obligations of such Person evidenced by notes, bonds, debentures or similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable and accrued commercial or trade liabilities arising in the ordinary course of business, (d) all interest rate and currency swaps, caps, collars and similar agreements or hedging devices under which payments are obligated to be made by such Person, whether periodically or upon the happening of a contingency, (e) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (f) all obligations of such Person under leases which have been or should be, in accordance with GAAP, recorded as capital leases, (g) all indebtedness secured by any Lien (other than Liens in favor of lessors under leases other than leases included in clause (f)) on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person, and (h) any Contingent Obligation of such Person.

"Indemnified Party" has the respective meanings set forth in Sections 7.1 and 7.3 of this Agreement.

"Indemnifying Party" has the respective meanings set forth in Sections 7.1 and 7.3 of this Agreement.

"Initial Public Offering" means the initial public offering of the shares of Common Stock of the Company pursuant to an effective Registration Statement filed under the Securities Act.

"Intellectual Property" has the meaning set forth in Section 3.20 of this Agreement.

"International Carriers" means Scandinavian Airlines System, Denmark-Norway-Sweden, a Scandinavian consortium, Aer Lingus, Virgin Atlantic Airways, Ltd., Iberia Airlines, Malaysia Airlines and Icelandair.

"Internet Assets" means any internet domain names and other computer user identifiers and any rights in and to sites on the worldwide web, including rights in and to any text, graphics, audio and video files and html or other code incorporated in such sites.

"Liabilities" has the meaning set forth in Section 3.19 of this Agreement.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, encumbrance, lien (statutory or other) or preference, priority, right or other security interest or preferential arrangement of any kind or nature whatsoever (excluding preferred stock and equity related preferences), including, without limitation, those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a Capital Lease Obligation, or any financing lease having substantially the same economic effect as any of the foregoing.

"OEM" has the meaning set forth in Section 3.5 hereto.

"Orders" has the meaning set forth in Section 3.2 of this Agreement.

"Omnibus Plan" has the meaning set forth in Section 8.11 hereto.

"Option Ceiling" has the meaning set forth in Section 2.4 of this Agreement.

"Patents" means any foreign or United States patents and patent applications, including any divisions, continuations, continuations-in-part, substitutions or reissues thereof, whether or not patents are issued on such applications and whether or not such applications are modified, withdrawn or resubmitted.

"Permitted Liens" means (i) mechanics', carriers', workmen's, repairmen's or other like Liens arising or incurred in the ordinary course of business with respect to liabilities that are not yet due or delinquent, (ii) Liens for Taxes, assessments and other governmental charges which are not due and payable or which may hereafter be paid without penalty or which are being contested in good faith by appropriate proceedings and (iii) other imperfections of title or encumbrances, if any, which imperfections of title or other encumbrances, individually or in the aggregate, would not be reasonably expected to impair the ability of the Company to use the property or asset to which it relates in substantially the same manner as it was used on the Closing Date.

"Permits" has the meaning set forth in Section 3.6(b)(i) of this Agreement.

"Person" means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company, Governmental Authority or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"PISA" has the meaning set forth in Section 3.31 hereto.

"Plans" has the meaning set forth in Section 3.17 of this Agreement.

"Preferred Stock" has the meaning set forth in the recitals to this Agreement.

"Priceline LLC" means priceline.com LLC, a Delaware limited liability company.

"PriceLine Travel" means PriceLine Travel, Inc., a [Delaware] corporation.

"Purchased Shares" has the meaning set forth in Section 2.1 of this Agreement.

"Purchaser Indemnified Party" has the meaning set forth in Section 7.2 hereto.

"Purchaser Indemnifying Party" has the meaning set forth in Section 7.2 hereto.

"Purchasers" has the meaning set forth in the recitals to this Agreement.

"Registration Rights Agreement" means the Registration Rights Agreement substantially in the form attached hereto as Exhibit D.

"Registration Statement" means a registration statement filed pursuant to the Securities Act.

"Regulations" means the Treasury Regulations promulgated under the Code.

"Reimbursement Amount" has the meaning set forth in Section 2.4 of this Agreement.

"Requirements of Law" means, as to any Person, any law, statute, treaty, rule, regulation, right, privilege, qualification, license or franchise or determination of an arbitrator or a court or other Governmental Authority or stock exchange, in each case applicable or binding upon such Person or any of its property or to which such Person or any of its property is subject or pertaining to any or all of the transactions contemplated or referred to herein.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder.

"Side Agreement" has the meaning set forth in Section 5.15 hereto.

"Side Parties" has the meaning set forth in Section 5.15 hereto.

"Software" means any computer software program, source code, object code, data and documentation, including, without limitation, any computer software programs that incorporate and run the Company's pricing models, formulae and algorithms.

"Statements of Operations and Capital" has the meaning set forth in Section 3.11 hereto.

"Stock Equivalents" means any security or obligation which is by its terms convertible into or exchangeable for shares of common stock or other capital stock or securities of the Company, and any option, warrant or other subscription or purchase right with respect to common stock or such other capital stock or securities.

"Stockholders" means Jay Walker and certain other stockholders of the Company.

"Stockholders Agreement" means the Stockholders Agreement substantially in the form attached hereto as Exhibit C.

"Subsidiary Date" has the meaning set forth in Section 5.15 hereto.

"Taxes" has the meaning set forth in Section 3.12 of this Agreement.

"Trade Secrets" means any trade secrets, research records, processes, procedures, manufacturing formulae, technical know-how, technology, blue prints, designs, plans, inventions (whether patentable and whether reduced to practice), invention disclosures and improvements thereto.

"Trademarks" means any foreign or United States trademarks, service marks, trade dress, trade names, brand names, designs and logos, corporate names, product or service identifiers, whether registered or unregistered, and all registrations and applications for registration thereof.

"Transaction Documents" means collectively, this Agreement, the Stockholders Agreement, the Registration Rights Agreement and the Side Agreement.

"WAMP" means Walker Asset Management Limited Partnership, a Connecticut limited partnership.

"WDC" means Walker Digital Corporation, a Delaware corporation.

1.2 Accounting Terms; Financial Statements. All accounting terms used herein not expressly defined in this Agreement shall have the respective meanings given to them in accordance with sound accounting practice. The term "sound accounting practice" shall mean such accounting practice as, in the opinion of the independent certified public accountants regularly retained by the Company, conforms at the time to GAAP applied on a consistent basis except for changes with which such accountants concur.

1.3 Knowledge of the Company. All references to the knowledge of the Company shall mean knowledge of Jay Walker, Chairman of the Company, Jesse Fink, Chief Operating Officer of the Company, Paul E. Francis, Chief Financial Officer of the Company, Timothy Brier and any other officer who was present at the due diligence meeting with General Atlantic personnel held on Thursday, July 23, 1998.

ARTICLE 2

PURCHASE AND SALE OF PREFERRED STOCK

2.1 Purchase and Sale of Preferred Stock to the Purchasers. Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Purchasers, and each of the Purchasers agrees that it will purchase from the Company, on the Closing Date, the aggregate number of shares of Preferred Stock set forth opposite such Purchaser's name on Schedule 2.1 hereto, for the aggregate purchase price set forth opposite such Purchaser's name on Schedule 2.1 hereto (all of the shares of Preferred Stock being purchased by the Purchasers listed on Schedule 2.1 being referred to herein as the "Purchased Shares"), subject to the terms of Section 2.4 below. Immediately after the Closing, the Purchased Shares shall represent not less than 16.39% of the total number of shares of Common Stock outstanding on a fully diluted basis (including, without limitation, the grant and exercise of all options subject to the Company's stock option plans and assuming the conversion of all the Purchased Shares).

2.2 Certificate of Designation. The Purchased Shares shall have the preferences and rights set forth in the Certificate of Designations.

2.3 Closing. The closing of the sale and purchase of the Purchased Shares (the "Closing") shall take place at the offices of Paul, Weiss, Rifkind, Wharton & Garrison, no later than 4:00 p.m., New York time, on the date hereof, or at such other time, place and date that the Company and the Purchasers may agree in writing (the "Closing Date"). At the Closing, the Company shall deliver to each Purchaser a certificate representing the Purchased Shares being purchased by such Purchaser against delivery by such Purchaser to the Company of the aggregate purchase price therefor by wire transfer of immediately available funds.

2.4 Purchase Price Adjustment. The aggregate purchase price set forth on Schedule 2.1 hereto shall be subject to adjustment pursuant to this Section 2.4. The Company has represented in Section 3.7(a) hereof that, as of the date hereof, options or warrants to purchase a total of 14,100,000 shares of Common Stock (the "Option Ceiling") have been granted by the Company, or are reserved for grant under the Company's existing stock option plans, as described in Schedule 3.7(a). Except for Excluded Issuances, if the Company at any time on or after the date of execution of this Agreement, but prior to the Initial Public Offering (a) grants to any of its employees, officers, directors or consultants shares of Common Stock (restricted or unrestricted) or options or warrants to purchase shares of Common Stock, including, without limitation, the issuance to Richard S. Braddock of a warrant to purchase 2,000,000 shares of Common Stock, vesting upon the earlier to occur of the Initial Public Offering and the issuance by the Company of at least $50 million of equity securities at a Company pre-money

valuation of not less than $450 million, as described in the term sheet dated July 17, 1998 attached hereto as Exhibit G, in excess of the Option Ceiling or (b) reserves for grant to any of its employees, officers, directors or consultants shares of Common Stock (restricted or unrestricted) or options to purchase shares of Common Stock in excess of the Option Ceiling by amending its existing stock option plans or creating any new stock option plans or employee benefit arrangements (other than such amendments, plans or arrangements that are in contemplation of the Initial Pubic Offering; provided that nothing is granted until after the Initial Public Offering) (in either case, such shares of Common Stock or shares of Common Stock issuable upon the exercise of options or warrants in excess of the Option Ceiling being referred to herein as the "Excess Option Shares"), then the Company shall reimburse each of the Purchasers an amount (each a "Reimbursement Amount") equal to the product of (a) the excess of (i) $1.156826 or, if a Reimbursement Amount has previously been paid, the Adjusted Price Per Share (calculated as part of the immediately preceding Reimbursement Amount calculation), over (ii) a fraction (such fraction, the "Adjusted Price Per Share") (x) the numerator of which is $100 million and (y) the denominator of which is the sum of the number of shares of Common Stock outstanding immediately prior to the Closing on a fully diluted basis plus the aggregate number of Excess Option Shares, multiplied by (b) the aggregate number of Purchased Shares set forth opposite such Purchaser's name on Schedule 2.1 hereto. Within seven (7) days of the grant, reservation or creation of any Excess Option Shares, the Company shall send written notice thereof to each of the Purchasers (the "Grant Notice"). The Reimbursement Amounts shall be paid promptly, but not later than five (5) days following delivery of the Grant Notice by the Company, in shares of Preferred Stock. In paying the Reimbursement Amounts, the Company shall pay to each Purchaser the number of fully paid and non-assessable shares of Preferred Stock equal to the excess of (a) a fraction (i) the numerator of which is the aggregate purchase price set forth opposite such Purchaser's name on Schedule 2.1 hereto and (ii) the denominator of which is the Adjusted Price Per Share, over (b) the aggregate number of Purchased Shares set forth opposite such Purchaser's name on Schedule 2.1 hereto. The Company shall make reimbursements any time additional Excess Option Shares are granted, reserved or created.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Purchasers as of the date hereof as follows:

3.1 Corporate Existence and Power. The Company (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of

its incorporation; (b) has all requisite power and authority to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently, or is proposed to be, engaged; (c) is duly qualified as a foreign corporation, licensed and in good standing under the laws of each jurisdiction in which its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to do so would not have a material adverse effect on the Condition of the Company; and (d) has the corporate power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party. The Company has not received notice from any jurisdiction, other than those referred to in clause (c) above, in writing or otherwise, that the Company is required to qualify as a foreign corporation therein, and the Company does not file any franchise, income or other tax returns in any other jurisdiction based upon its ownership or use of property therein or its derivation of income therefrom. The Company does not own or lease property in any jurisdiction other than its jurisdiction of incorporation and the jurisdictions referred to in clause (c) above.

3.2 Authorization; No Contravention. The execution, delivery and performance by the Company of this Agreement and each of the other Transaction Documents and the transactions contemplated hereby and thereby (a) have been duly authorized by all necessary corporate or other comparable action of the Company; (b) do not contravene the terms of the Certificate of Incorporation or the By-laws; (c) do not violate, conflict with or result in any breach or contravention of, or the creation of any Lien under, any material Contractual Obligation of the Company, or any material Requirement of Law applicable to the Company; and (d) do not violate any judgment, injunction, writ, award, decree or order of any nature (collectively, "Orders") of any Governmental Authority against, or binding upon, the Company.

3.3 Governmental Authorization; Third Party Consents. Except as set forth in Schedule 3.3, no approval, consent, compliance, exemption, authorization or other action by, or notice to, or filing with, any Governmental Authority or any other Person, and no lapse of a waiting period under a Requirement of Law, is necessary or required in connection with the execution, delivery or performance (including, without limitation, the sale, issuance and delivery of the Purchased Shares) by, o enforcement against, the Company of this Agreement and the other Transaction Documents or the transactions contemplated hereby and thereby.

3.4 Binding Effect. This Agreement and each of the other Transaction Documents have been duly executed and delivered by the Company, and constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles

of equity relating to enforceability (regardless of whether considered in a proceeding at law or in equity).

3.5 Litigation. Except as set forth on Schedule 3.5, (a) there are no actions, suits, proceedings, claims, complaints, disputes, arbitrations or investigations (collectively, "Claims") pending or, to the knowledge of the Company, threatened, at law, in equity, in arbitration or before any Governmental Authority against the Company, and (b) the Company has not received any notices or other communications, whether written or oral, (i) from any automobile dealership or airline that ha been participating in the Company's internet commerce system either (x) stating that such entity does not wish to participate in the Company's internet commerce system, or (y) threatening the Company with any type of Claim with respect to any Company solicitations, inquiries or other communications, or (z) stating that such entity has been notified by an original equipment manufacturer ("OEM") that such OEM does not wish for such entity to participate in the Company's internet commerce system, or (ii) fro any OEM that such OEM does not wish any of its automobile dealerships to participate in the Company's internet commerce system. No Order has been issued by any court or other Governmental Authority against the Company purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any of the other Transaction Documents.

3.6 Compliance with Laws.

(a) The Company is in compliance with all Requirements of Law including, without limitation, any general consumer protection statutes and any state travel agent registration requirements, and all Orders issued by any court or Governmental Authority against the Company that are not expressly covered by any other representation or warranty of the Company set forth in Section 3 hereof in all respects, except to the extent that the failure to comply with such Requirements of Law or Orders would not have a material adverse effect on the Condition of the Company.

(b) (i) The Company has all material licenses, permits and approvals of any Governmental Authority (collectively, "Permits") that are necessary for the conduct of the business of the Company; (ii) such Permits are in full force and effect; and (iii) no violations are or have been recorded in respect of any Permit.

(c) No material expenditure is presently required by the Company to comply with any existing Requirement of Law or Order.

3.7 Capitalization.

(a) On the Closing Date, after giving effect to the transactions contemplated by this Agreement, the authorized capital stock of the Company shall

consist of (i) 150,000,000 shares of Common Stock, of which 74,409,902 shares are issued and outstanding and (ii) 30,000,000 shares of Preferred Stock, of which 17,288,684 shares are outstanding and issued to the Purchasers. Schedule 3.7(a) sets forth, as of the Closing Date, a true and complete list of (x) the stockholders of th Company (including any trust or escrow agent arrangement created in connection with any employee stock option plan) and, opposite the name of each stockholder, the amount of all outstanding capital stock and Stock Equivalents owned by such stockholder and (y) the holders of Stock Equivalents (other than the stockholders set forth in clause (x) above) and, opposite the name of each such holder, the amount of all Stock Equivalents owned by such holder. As of the date of this Agreement, options or warrants to purchase a total of 14,100,000 shares of Common Stock have been granted, or are reserved for grant under the Company's existing stock option plans. The Company has reserved an aggregate of 17,288,684 shares of Common Stock for issuance upon conversion of the Purchased Shares. Except as set forth on Schedule 3.7(a), there are no options, warrants, conversion privileges, subscription or purchase rights or other rights presently outstanding to purchase or otherwise acquire (i) any authorized but unissued, unauthorized or treasury shares of the Company's capital stock, (ii) any Stock Equivalents or (iii) other securities of the Company. The Purchased Shares are duly authorized, and when issued and sold to the Purchasers after payment therefor, will be validly issued, fully paid and non-assessable, and, subject to the truth and accuracy of each Purchaser's representations and warranties set forth in Section 4 hereof, will be issued in compliance with the registration and qualification requirements of all applicable federal, state and foreign securities laws or pursuant to a valid exemption therefrom. The shares of Common Stock issuable upon conversion of the Purchased Shares are duly authorized and, when issued in compliance with the provisions of the Certificate of Incorporation and the Certificate of Designation, will be validly issued, fully paid and non-assessable. The issued and outstanding shares of Common Stock are all duly authorized, validly issued, fully paid and non-assessable, and wer issued in compliance with the registration and qualification requirements of all applicable federal, state and foreign securities laws or pursuant to a valid exemption therefrom.

(b) The Company does not directly or indirectly own and has not made any investment in any of the capital stock of, or any other proprietary interest in, any Person.

3.8 No Default or Breach; Contractual Obligations. Except as set forth in Schedule 3.8, the Company has not received written notice of any default under, or is in default under, any Contractual Obligation listed on Schedule 3.8. Schedule 3.8 (a) lists all of the Contractual Obligations to which the Company is a party, whether written or oral, (i) which involve an amount in excess of $25,000, (ii) which the Company has entered into with any airline or airline reservation system or any automobile manufacturer, distributor or dealership, or (iii) which are otherwise material to the

Condition of the Company, (b) states opposite the name of each such Contractual Obligation the amount of inventory guaranteed or committed to the Company, if applicable, and (c) identifies with an asterisk each such Contractual Obligation that is oral. All such Contractual Obligations are valid, subsisting, in full force and effect and binding upon the Company and, to the knowledge of the Company, the other parties thereto, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability, and the Company has paid in full or accrued all amounts due thereunder and has satisfied in full or provided for all of its liabilities and obligations thereunder to the extent such payment, liabilities or obligations were due, or required performance, as applicable, from or by the Company. To the knowledge of the Company, no other party to any such Contractual Obligation is in default thereunder, nor does any condition exist that with notice or lapse of time or both would constitute a default thereunder.

3.9 Title to Properties. The Company has good, record and marketable title in fee simple to, or holds interests in as lessee or sublessee under leases or subleases in full force and effect, all real property used in connection with its business or otherwise owned or leased or subleased by it, except for such defects in title and leasehold interests as would not, individually or in the aggregate, have a material adverse effect on the Condition of the Company, or a material adverse effect on the ability of the Company to perform its obligations under this Agreement or the other Transaction Documents.

3.10 FIRPTA. The Company is not a "foreign person" within the meaning of Section 1445 of the Code.

3.11 Financial Statements. The Company has delivered to the Purchasers unaudited statements (i) of the financial condition of Priceline LLC as of December 31, 1997 and June 30, 1998 (collectively, the "Balance Sheets") and (ii) of operations and changes in members' capital for the one-year period ended December 31, 1997 and the six-month period ended June 30, 1998 (collectively, the "Statements of Operations and Capital," and, together with the Balance Sheets, the "Financial Statements"). Each of the Financial Statements has been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated, except for normal year-end adjustments and the omission of footnotes. Each of the Balance Sheets fairly presents the financial position of Priceline LLC as of the date thereof. Each of the Statements of Operations and Capital fairly presents, in all material respects, the results of operations and changes in members' capital, for the period then ended. The Financial Statements consist of all the financial statements of the Company since its inception.

3.12 Taxes. (a) The Company has paid all federal, state, county, local, foreign and other taxes, including, without limitation, income taxes, estimated taxes,

excise taxes, sales taxes, use taxes, gross receipts taxes, franchise taxes, employment and payroll related taxes, property taxes and import duties, whether or not measured in whole or in part by net income (hereinafter, "Taxes" or, individually, a "Tax") which have come due and are required to be paid by it through the date hereof, and all deficiencies or other additions to Tax, interest and penalties owed by it in connection with any such Taxes; (b) the Company has timely filed or caused to be filed all returns for Taxes that it is required to file on and through the date hereof (including all applicable extensions), and all such Tax returns are accurate and complete; (c) the Company has not received any notice of deficiency with respect to any Tax return and, to the knowledge of the Company, no audit is in progress with respect to any return for Taxes, no extension of time is in force with respect to any date on which any return for Taxes was or is to be filed and no waiver or agreement is in force for the extension of time for the assessment or payment of any Tax; (d) all liabilities for Taxes of the Company attributable to periods prior to or ending on the Closing Date have been provided for on the Financial Statements in accordance with GAAP; and (e) there are no Liens for Taxes on the assets of the Company except for Liens for current Taxes not yet due or with respect to Taxes being disputed in good faith by the Company.

3.13 No Material Adverse Change; Ordinary Course of Business. Since January 1, 1998, (a) there has not been any material adverse change nor, to the knowledge of the Company is any such material adverse change threatened, in the Condition of the Company, (b) the Company has not declared, paid or made any dividend or any distribution to its stockholders except as set forth on Schedule 3.13 and (c) the Company has not increased the compensation of any of its officers or the rate of pay of any of its employees, except as part of regular compensation increases in the ordinary course of business.

3.14 Investment Company. The Company is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

3.15 Private Offering. No form of general solicitation or general advertising was used by the Company or its representatives in connection with the offer or sale of the Purchased Shares. Subject in part to the truth and accuracy of each Purchaser's representations and warranties set forth in Section 4 hereof, no registration of the Purchased Shares, pursuant to the provisions of the Securities Act or any state securities or "blue sky" laws, will be required by the offer, sale or issuance of the Purchased Shares. The Company agrees that neither it, nor anyone acting on its behalf, shall offer to sell the Purchased Shares or any other securities of the Company so as to require the registration of the Purchased Shares pursuant to the provisions of the Securities Act or any state securities or "blue sky" laws, unless such Purchased Shares or other securities are so registered.

3.16 Labor Relations. (a) The Company is not engaged in any unfair labor practice; (b) there is (i) no grievance or arbitration proceeding arising out of or under collective bargaining agreements pending or, to the knowledge of the Company, threatened against the Company, and (ii) no strike, labor dispute, slowdown or stoppage pending or, to the knowledge of the Company, threatened against the Company; (c) the Company is not a party to any collective bargaining agreement; (d) there is no union representation question existing with respect to the employees of the Company, and (e) to the knowledge of the Company, no union organizing activities are taking place at any facility of the Company.

3.17 Employee Benefit Plans. Neither the Company nor any of its ERISA Affiliates has any actual or contingent, direct or indirect, liability in respect of any employee benefit plan or arrangement, including any plan subject to ERISA, other than to make contributions under or pay benefits pursuant to the plans listed on Schedule 3.17 (collectively, the "Plans"). All of the Plans are in material compliance with all applicable Requirements of Law. Except as set forth on Schedule 3.1 no Plan (a) is subject to Title IV of ERISA, or is otherwise a Defined Benefit Plan, or is a multiple employer plan (within the meaning of Section 413(c) of the Code); or (b) provides for post-retirement welfare benefits or a "parachute payment" (within the meaning of Section 280G(b) of the Code). The execution and delivery of this Agreement and each of the other Transaction Documents, the purchase and sale of the Purchased Shares and the consummation of the transactions contemplated hereby and thereby will not result in any prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

3.18 Title to Assets. Except as set forth on Schedule 3.18, the Company owns and has good, valid, and marketable title to all of its properties and assets used in its business and reflected as owned on the Financial Statements or so described in Schedule 3.18 (collectively, the "Assets"), in each case free and clear of all Liens other than Permitted Liens and Liens specifically described on the notes to the Financial Statements.

3.19 Liabilities. The Company does not have any direct or indirect obligation or liability (the "Liabilities") other than (a) Liabilities fully and adequately reflected or reserved against on the Financial Statements and (b) Liabilities incurred since July 1, 1997 in the ordinary course of business.

3.20 Intellectual Property.

(a) (i) The Company is the owner of, or has the license or right to use, sell and license, all of the Copyrights, Patents, Trade Secrets, Trademarks, Internet Assets, Software and other proprietary rights (collectively, "Intellectual Property") that are used in connection with its business as presently conducted or contemplated in its business plan.

(ii) Schedule 3.20(a)(ii) sets forth all of the Intellectual Property owned by the Company, and filings and applications for any of the above filed by the Company or WAMP. Except as set forth on Schedule 3.20(a)(ii), none of the Intellectual Property listed on Schedule 3.20(a)(ii) is subject to any outstanding Order, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand is pending or, to the knowledge of the Company, threatened, whic challenges the validity, enforceability, use or ownership of any item of the Intellectual Property.

(iii) Schedule 3.20(a)(iii) sets forth all Intellectual Property licenses, sublicenses, distributor agreements and other agreements under which the Company is either a licensor, licensee or distributor, except such licenses, sublicenses and other agreements relating to off-the-shelf software which are commercially available on a retail basis and used solely on the computers of the Company. The Company has substantially performed all obligations imposed upon it thereunder, and the Company is not, and to the knowledge of the Company no other party thereto is, in breach of or default thereunder in any respect, nor is there any event which with notice or lapse of time or both would constitute a default thereunder. All of the Intellectual Property licenses listed on Schedule 3.20(a)(iii) are valid, enforceable and in full force and effect against the Company and, to the knowledge of the Company, against the other parties to such licenses, and will continue to be so on identica terms immediately following the Closing except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability.

(iv) To the knowledge of the Company, other than as set forth on Schedule 3.20(a)(iv), none of the Intellectual Property currently sold or licensed by the Company to any Person or used by or licensed to the Company infringes upon or otherwise violates any Intellectual Property rights of others.

(v) Except as set forth on Schedule 3.20(a)(v), no litigation is pending and no Claim has been received by the Company or, to the knowledge of the Company, is threatened, contesting the right of the Company to sell or license to any Person or use the Intellectual Property presently sold or licensed to such Person or used by the Company.

(b) Except as set forth on Schedule 3.20(b), to the knowledge of the Company, no Person is infringing upon or otherwise violating the Intellectual Property rights of the Company.

(c) No former employer of any employee of the Company, and no current or former client of any consultant of the Company, has made a claim against the Company or, to the knowledge of the Company, against any former employer of such

employee or consultant, that such employee or such consultant is utilizing for the benefit of the Company Intellectual Property of such former employer or client.

(d) Except as set forth on Schedule 3.20(d), the Company is not a party to or bound by, any license or other agreement requiring the payment of any material royalty payment, excluding such agreements relating to software licensed for use solely on the computers of the Company.

(e) To the knowledge of the Company, no employee of the Company is in violation in any material respect of any Requirement of Law applicable to such employee, or any term of any employment agreement, patent or invention disclosure agreement or other contract or agreement relating to the relationship of such employee with the Company.

(f) To the knowledge of the Company, none of the Trade Secrets, wherever located, the value of which is contingent upon maintenance of confidentiality thereof, has been disclosed to any Person not a party to a non-disclosure or confidentiality agreement with the Company other than employees, representatives and agents of the Company, except as required pursuant to the filing of a patent application by the Company.

(g) It is not necessary for the Company's business to use any Intellectual Property owned by any director, officer, employee or consultant of the Company (or persons the Company presently intends to hire). At no time during the conception or reduction to practice of any of the Company's Intellectual Property was any developer, inventor or other contributor to such Intellectual Property operating under any grants from any Governmental Authority or subject to any employment agreement, invention assignment, nondisclosure agreement or other Contractual Obligation with any third party that could adversely affect the Company's rights to its Intellectual Property.

3.21 Year 2000 Compliance. To the knowledge of the Company, the proprietary Software used by the Company will, and no material expenditure is required by the Company to make such Software, (a) accurately process date information before, during and after January 1, 2000, including, but not limited to, accepting date input, providing date output and performing calculations on dates or portions of dates; (b) function accurately and without interruption before, during and after January 1, 2000 without any change in operations associated with the advent of the new century; (c) respond to two (2) digit year date input in a way that resolves the ambiguity as to century in a disclosed, defined and predetermined manner; and (d) store and provide output of date information in ways that are unambiguous as to century.

3.22 Network Redundancy and Computer Back-Up. Except as set forth on Schedule 3.22.

(a) The server hardware and supporting equipment (including communications equipment, terminals and hook-ups that interface with airline computer reservation systems) used in the Company's services network provide redundancy and meet industry standards relating to high availability; and

(b) The Company has made back-ups of all material computer Software and databases utilized by it and maintain such Software and databases at a secure off-site location.

3.23 Privacy of Customer Information. The Company does not use any of the customer information it receives through its website in an unlawful manner or in a manner violative of the rights of privacy of its customers. The Company has reasonably adequate security measures in place to protect the customer information it receives through its website from illegal use by third parties or use by third parties in a manner violative of the rights of privacy of its customers. The Company represents to its customers that it keeps secure the customer information its receives through its website, but does not guarantee security.

3.24 Potential Conflicts of Interest. Except as set forth on Schedule 3.24, no officer, director or stockholder of the Company, no spouse of any such officer, director or stockholder, and, to the knowledge of the Company, no relative of such spouse or of any such officer, director or stockholder and no Affiliate of any of the foregoing (a) owns, directly or indirectly, any interest in (excepting less than 1% stock holdings for investment purposes in securities of publicly held and traded companies), or is an officer, director, employee or consultant of, any Person which is, or is engaged in business as, a competitor, lessor, lessee, supplier, distributor, sales agent or customer of, or lender to or borrower from, the Company; (b) owns, directly or indirectly, in whole or in part, any tangible or intangible property that the Company has used, or that the Company will use, in the conduct of business; or (c) has any cause of action or other claim whatsoever against, or owes or has advanced any amount to, the Company, except for claims in the ordinary course of business such as for accrued vacation pay, accrued benefits under employee benefit plans, and similar matters and agreements existing on the date hereof.

3.25 Trade Relations. There exists no actual or, to the knowledge of the Company, threatened termination, cancellation or limitation of, or any adverse modification or change in, the business relationship of the Company, or the business of the Company, with any customer or supplier or any group of customers or suppliers including, without limitation, Transworld Airlines, America West Airlines or any International Carrier, whose purchases or inventories provided to the Company's business

are individually or in the aggregate material to the Condition of the Company, and there exists no present condition or state of fact or circumstances that would materially adversely affect the Condition of the Company or materially prevent the Company from conducting such business relationships or such business with any such customer, supplier or group of customers or suppliers in substantially the same manner as heretofore conducted by the Company.

3.26 Outstanding Borrowing. Schedule 3.26 sets forth (a) the amount of all Indebtedness of the Company as of the date hereof, (b) the Liens that relate to such Indebtedness and that encumber the Assets and (c) the name of each lender thereof.

3.27 Insurance. Schedule 3.27 lists all of the insurance policies held by or on behalf of the Company, with the effective date and coverage amounts indicated thereon. Such policies and binders are valid and enforceable in accordance with their terms and are in full force and effect and covers all risks associated with the Company's business that are customarily insured against in the industry in such amounts as are customary in the industry. None of such policies will be affected by, or terminate or lapse by reason of, any transaction contemplated by this Agreement or any of the other Transaction Documents.

3.28 Environmental Matters. The Company is in compliance in all material respects with all applicable Environmental Laws. There is no civil, criminal or administrative judgment, action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter pending or, to the knowledge of the Company, threatened against the Company pursuant to Environmental Laws which would reasonably be expected to result in a fine, penalty or other obligation, cost o expense that would have a material adverse affect on the Condition of the Company; and, to the knowledge of the Company, there are no past or present events, conditions, circumstances, activities, practices, incidents, agreements, actions or plans of or relating to the Company which may prevent compliance with, or which have given rise to or will give rise to liability under, Environmental Laws that would have a material adverse affect on the Condition of the Company.

3.29 Broker's, Finder's or Similar Fees. There are no brokerage commissions, finder's fees or similar fees or commissions payable by the Company in connection with the transactions contemplated hereby based on any agreement, arrangement or understanding with the Company or any action taken by any such Person.

3.30 WAMP Assets. WAMP owns no assets used by, or necessary for the conduct of business of, the Company.

3.31 Breitenbach Agreement. The option granted to Paul Breitenbach in Section 3(e) of the Breitenbach Agreement relates only to a potential business unit of WDC, not the Company.

3.32 Affiliate Payments. All payments made by the Company to WDC pursuant to the Purchase and Intercompany Services Agreement (the "PISA"), dated as of April 6, 1998, among WAMP, WDC, the Company and PriceLine Travel, for services provided by WDC are made on the same basis as if the Company were paying an unaffiliated third party for similar services pursuant to an arm's length transaction.

3.33 Employees. The Company employs, or contracts with consultants for, all personnel necessary for the operation of its business.

3.34 Financial Projections. The financial projections provided to the Purchasers by the Company regarding airline ticket sales were reasonably prepared based upon the best available information and the Financial Statements.

3.35 Disclosure.

(a) Material Adverse Effects. There is no fact known to the Company, which the Company has not disclosed to the Purchasers either orally or in writing, which materially adversely affects, the Condition of the Company or the ability of the Company to perform its obligations under this Agreement, any of the other Transaction Documents or any document contemplated hereby or thereby.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each of the Purchasers hereby represents and warrants (severally as to itself and not jointly) to the Company as follows:

4.1 Existence and Power. Such Purchaser (a) is a partnership duly organized and validly existing under the laws of the jurisdiction of its formation and (b) has the requisite partnership power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party.

4.2 Authorization; No Contravention. The execution, delivery and performance by such Purchaser of this Agreement and each of the other Transaction

Documents to which it is a party and the transactions contemplated hereby and thereby, including, without limitation, the purchase of the Purchased Shares, (a) have been duly authorized by all necessary partnership action, (b) do not contravene the terms of such Purchaser's organizational documents, or any amendment thereof, (c) do not violate, conflict with or result in any breach or contravention of or the creation of any Lien under, any Contractual Obligation of such Purchaser, or any Requirement of Law applicable to such Purchaser and (d) do not violate any Order of any Governmental Authority against, or binding upon, such Purchaser.

4.3 Governmental Authorization; Third Party Consents. No approval, consent, compliance, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person, and no lapse of a waiting period under any Requirement of Law, is necessary or required in connection with the execution, delivery or performance (including, without limitation, the purchase of the Purchased Shares) by, or enforcement against, such Purchaser of this Agreement and each of the other Transaction Documents to which such Purchaser is a party or the transactions contemplated hereby and thereby.

4.4 Binding Effect. This Agreement and each of the other Transaction Documents to which such Purchaser is a party have been duly executed and delivered by such Purchaser and constitute the valid and binding obligations of such Purchaser, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability (regardless of whether considered in a proceeding at law or in equity).

4.5 Purchase for Own Account. The Purchased Shares to be acquired by such Purchaser pursuant to this Agreement, and the Common Stock acquired upon conversion of the Preferred Stock, are being or will be acquired for its own account and with no intention of distributing or reselling such securities or any part thereof in any transaction that would be in violation of the securities laws of the United States of America, or any state. If such Purchaser should in the future decide to dispose of any of such Purchased Shares, such Purchaser understands and agrees that it may do so only in compliance with the Securities Act and applicable state securities laws, as then in effect. Such Purchaser agrees to the imprinting, so long as required by law, of legends on certificates representing all of its Purchased Shares and shares of Common Stock issuable upon conversion of its Purchased Shares to the following effect:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY

STATE. THE SECURITIES MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

THE SALE, ASSIGNMENT, HYPOTHECATION, PLEDGE, ENCUMBRANCE OR OTHER DISPOSITION (EACH A "TRANSFER") AND VOTING OF ANY OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE RESTRICTED BY THE TERMS OF THE STOCKHOLDERS AGREEMENT, DATED JULY 31, 1998, AMONG PRICELINE.COM INCORPORATED, GENERAL ATLANTIC PARTNERS 48, L.P., GAP COINVESTMENT PARTNERS, L.P. AND THE STOCKHOLDERS NAMED THEREIN. THE COMPANY WILL NOT REGISTER THE TRANSFER OF SUCH SECURITIES ON THE BOOKS OF THE COMPANY UNLESS AND UNTIL THE TRANSFER HAS BEEN MADE IN COMPLIANCE WITH THE TERMS OF THE STOCKHOLDERS AGREEMENT. THE COMPANY WILL MAIL A COPY OF SUCH AGREEMENT, TOGETHER WITH A COPY OF THE EXPRESS TERMS OF THE SECURITIES AND THE OTHER CLASS OR CLASSES AND SERIES OF SHARES, IF ANY, WHICH THE COMPANY IS AUTHORIZED TO ISSUE, TO THE RECORD HOLDER OF THIS CERTIFICATE, WITHOUT CHARGE, WITHIN FIVE DAYS AFTER RECEIPT OF A WRITTEN REQUEST THEREFOR.

4.6 Restricted Securities. Such Purchaser understands that the Purchased Shares will not be registered at the time of their issuance under the Securities Act for the reason that the sale provided for in this Agreement is exempt pursuant to Section 4(2) of the Securities Act and that the reliance of the Company on such exemption is predicated in part on such Purchaser's representations set forth herein. Such Purchaser represents that it is experienced in evaluating companies such a the Company, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment and has the ability to suffer the total loss of its investment. Such Purchaser further represents that it has had the opportunity to ask questions of and receive answers from the Company concerning the terms and conditions of the offering and to obtain additional information to such Purchaser's satisfaction.

4.7 Broker's, Finder's or Similar Fees. There are no brokerage commissions, finder's fees or similar fees or commissions payable by the Purchasers, in connection with the transactions contemplated hereby based on any agreement, arrangement or understanding with the Purchasers or any action taken by the Purchasers.

4.8 Accredited Investor. Each of the Purchasers is an "Accredited Investor" within the meaning of Rule 501 of Regulation D under the Securities Act, as presently in effect.

4.9 Litigation. No action, suit, proceeding, claim, complaint, dispute, arbitration or investigation has been instituted or, to the knowledge of such Purchaser, is threatened to restrain or prohibit or otherwise challenge the legality or validity of the transactions contemplated by this Agreement or any of the other Transaction Documents. No Order has been issued by any court or other Governmental Authority against such Purchaser purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any of the other Transaction Documents.

ARTICLE 5
CONDITIONS TO THE OBLIGATION OF THE PURCHASES TO CLOSE

The obligation of the Purchasers to purchase the Purchased Shares, to pay the purchase price therefor at the Closing and to perform any obligations hereunder shall be subject to the satisfaction as determined by, or waiver by, the Purchasers of the following conditions on or before the Closing Date.

5.1 Representations and Warranties. The representations and warranties of the Company contained in Article 3 hereof shall be true and correct in all material respects at and on the Closing Date as if made at and on such date.

5.2 Compliance with this Agreement. The Company shall have performed and complied in all material respects with all of the agreements and conditions set forth herein that are required to be performed or complied with by the Company on or before the Closing Date.

5.3 Secretary's Certificate. The Purchasers shall have received a certificate from the Company, in form and substance reasonably satisfactory to the Purchasers, dated the Closing Date and signed by the Secretary or an Assistant Secretary of the Company, certifying that the attached copies of the Certificate of Incorporation, the By-laws, the Certificate of Designation and resolutions of the Board of Directors approving this Agreement and each of the other Transaction Documents to which the Company is a party and the transactions contemplated hereby and thereby, are all true, complete and correct and remain unamended and in full force and effect.

5.4 Officer's Certificate. The Purchasers shall have received a certificate from the Company, in form and substance reasonably satisfactory to the Purchasers, dated the Closing Date and signed by the Chief Executive Officer and Chief Financial Officer of the Company, certifying that (a) the representations and warranties of the Company contained in Article 3 hereof are true and correct in all material respects on the Closing Date and (b) the Company has performed and complied in al material respects with all of the agreements and conditions set forth or contemplated herein that are required to be performed or complied with by the Company on or before the Closing Date.

5.5 Filing of Certificate of Designation. The Certificate of Designation shall have been duly filed by the Company with the Secretary of State of the State of Delaware in accordance with the General Corporation Law of the State of Delaware.

5.6 Stockholders Agreement. The Company and the Stockholders shall have duly executed and delivered the Stockholders Agreement, substantially in the form attached hereto as Exhibit C.

5.7 Registration Rights Agreement. The Company and the Stockholders shall have duly executed and delivered the Registration Rights Agreement, substantially in the form attached hereto as Exhibit D.

5.8 Opinion of Counsel. The Purchasers shall have received an opinion of Cummings & Lockwood and/or Skadden, Arps, Slate, Meagher & Flom, LLP, counsel to the Company, dated the Closing Date, relating to the transactions contemplated by or referred to herein, substantially in the form attached hereto as Exhibit E.

5.9 Purchased Shares. The Company shall be prepared to deliver to the Purchasers certificates in definitive form representing the number of Purchased Shares set forth opposite such Purchaser's name on Schedule 2.1 hereto, registered in the name of such Purchaser, as applicable.

5.10 Consents and Approvals. The Company shall have provided the Purchasers with evidence, in form and substance reasonably satisfactory to the Purchasers, that (a) each consent, exemption, authorization and notice set forth on Schedule 5.10 has been obtained or made, or that the requirement for such action has been, to the extent permitted by Applicable Law, waived, and (b) all applicable waiting periods shall have expired (or early termination of such waiting periods shall have been obtained).

5.11 No Material Judgment or Order. There shall not be on the Closing Date any Order of a court of competent jurisdiction or any ruling of any Governmental Authority or any condition imposed under any Requirement of Law which would, in the judgment of the Purchasers, (a) prohibit or restrict (i) the purchase of the Purchased Shares or (ii) the consummation of the transactions contemplated by this Agreement, (b) subject the Purchasers to any penalty or onerous condition under or pursuant to any Requirement of Law if the Purchased Shares were to be purchased hereunder, or (c) restrict the operation of the business of the Company as conducted on the date hereof in a manner that would have a material adverse effect on the Condition of the Company.

5.12 No Litigation. No action, suit, proceeding, claim or dispute shall have been brought or otherwise arisen at law, in equity, in arbitration or before any Governmental Authority against the Company which would, if adversely determined, (a) have a material adverse effect on the Condition of the Company or (b) have a material adverse effect on the ability of the Company to perform its obligations under this Agreement or each of the other Transaction Documents.

5.13 Incorporation of the Company. The Purchasers shall have received copies of all documents, in form and substance satisfactory to the Purchasers, evidencing the incorporation of the Company and the succession of the Company to the business of Priceline LLC.

5.14 Chief Executive Officer. The Company shall have recruited and hired a new chief executive officer (the "Chief Executive Officer"), the choice and terms and conditions of which appointment shall be reasonably acceptable to the Purchasers, subject to the execution of a definitive employment agreement.

5.15 Side Agreement. PriceLine Travel and Jay Walker (the "Side Parties") shall have executed a side agreement (the "Side Agreement") pursuant to which:

(a) The Side Parties shall agree to cause PriceLine Travel to become a wholly-owned subsidiary of the Company by the earlier to occur of (such date, the "Subsidiary Date"): (i) December 31, 1998, and (ii) the effective date of the Initial Public Offering;

(b) PriceLine Travel shall agree not to issue any equity securities or securities convertible into equity securities to any Person on or before the Subsidiary Date;

(c) Jay Walker shall grant a call option (the "PriceLine Travel Option") to each of the Purchasers, such option to be

exercisable at any time prior to the Subsidiary Date, to purchase all of Jay Walker's interests in PriceLine Travel; and

(d) Jay Walker shall agree not to transfer any of his interests in PriceLine Travel prior to the Subsidiary Date.

ARTICLE 6
CONDITIONS TO THE OBLIGATION OF THE COMPANY TO CLOSE

The obligation of the Company to issue and sell the Purchased Shares and the obligation of the Company to perform its other obligations hereunder, shall be subject to the satisfaction as determined by, or waiver by, the Company of the following conditions on or before the Closing Date:

6.1 Representation and Warranties. The representations and warranties of the Purchasers contained in Article 4 hereof shall be true and correct in all material respects at and on the Closing Date as if made at and on such date.

6.2 Compliance with this Agreement. Each of the Purchasers shall have performed and complied in all material respects with all of the agreements and conditions set forth herein that are required to be performed or complied with by such Purchaser on or before the Closing Date.

6.3 General Partners' Certificates. The Company shall have received a certificate from a general partner of each of GAP LP and GAP Coinvestment, in form and substance reasonably satisfactory to the Company, dated the Closing Date and signed by such general partner, certifying that (a) the representations and warranties of GAP LP or GAP Coinvestment, as the case may be, contained in Article 4 hereof are true and correct in all material respects on the Closing Date, and (b) GAP LP or GAP Coinvestment, as the case may be, has performed and complied with all of the agreements and conditions set forth or contemplated herein that are required to be performed or complied with by GAP LP or GAP Coinvestment, as the case may be, on or before the Closing Date.

6.4 Stockholders Agreement. The Purchasers shall have duly executed and delivered the Stockholders Agreement, substantially in the form attached hereto as Exhibit C.

6.5 Registration Rights Agreement. The Purchasers shall have duly executed and delivered the Registration Rights Agreement, substantially in the form attached hereto as Exhibit D.

6.6 Opinion of Purchasers' Counsel. The Company shall have received an opinion of Paul, Weiss, Rifkind, Wharton & Garrison, dated the Closing Date, relating to the transactions contemplated by or referred to herein, substantially in the form attached hereto as Exhibit F.

6.7 No Material Judgment or Order. There shall not be on the Closing Date any Order of a court of competent jurisdiction or any ruling of any Governmental Authority or any condition imposed under any Requirement of Law which would, in the judgment of the Company, (a) prohibit or restrict (i) the sale of the Purchased Shares or (ii) the consummation of the transactions contemplated by this Agreement, or (b) subject the Company to any penalty or onerous condition under or pursuant to any Requirement of Law if the Purchased Shares were to be sold hereunder.

6.8 Payment of Purchase Price. Each Purchaser shall have delivered the purchase price specified in Schedule 2.1 for the purchase of the Preferred Stock.

6.9 Qualifications. All authorizations, approvals or permits of any Governmental Authority that are required in connection with the lawful issuance and sale of the Preferred Stock shall have been obtained and be effective as of the Closing.

ARTICLE 7

INDEMNIFICATION

7.1 Indemnification. Except as otherwise provided in this Article 7, the Company (the "Indemnifying Party") agrees to indemnify, defend and hold harmless the Purchasers and their Affiliates and their respective officers, directors, agents, employees, subsidiaries, partners, members and controlling persons (each, an "Indemnified Party") to the fullest extent permitted by law from and against any and all losses, Claims (including any Claim by a third party), damages, expenses (including reasonable fees, disbursements and other charges of one counsel incurred by the Indemnified Party in any action between the Indemnifying Party and the Indemnified Party or between the Indemnified Party and any third party or otherwise) or other liabilities (collectively, "Losses") resulting from, arising out of or relating to any breach of any representation or warranty, covenant or agreement by the Company in this Agreement or the other Transaction Documents, including, without limitation, any legal, administrative or other actions (including actions brought by the Purchasers or the Company or any

equity holders of the Company or derivative actions brought by any Person claiming through or in the Company's name), proceedings or investigations (whether formal or informal), or written threats thereof, based upon, relating to or arising out of this Agreement or the other Transaction Documents, the transactions contemplated hereby and thereby, or any Indemnified Party's role therein or in transactions contemplated thereby; provided, that the Indemnifying Party shall not be liable under this Section 7.1 to any Indemnified Party to the extent that it is finally judicially determined that such Losses resulted primarily from the material breach by any Indemnified Party of any representation, warranty, covenant or other agreement of an Indemnified Party contained in this Agreement; and provided, further, that if and to the extent that such indemnification is unenforceable for any reason, the Indemnifying Party shall make the maximum contribution to the payment and satisfaction of such Losses which shall be permissible under applicable laws. The amount of any payment by the Company to any Indemnified Party herewith in respect of any Loss shall be of sufficient amount to make such Indemnified Party whole, including without limitation or duplication, an amount sufficient to make up any diminution in the value of the Purchased Shares held by such Indemnified Party resulting from the payment by the Company of such indemnification payment. In connection with the obligation of the Indemnifying Party to indemnify for expenses as set forth above, the Indemnifying Party shall, upon presentation of appropriate invoices containing reasonable detail, reimburse each Indemnified Party for all such expenses (including reasonable fees, disbursements and other charges of counsel incurred by the Indemnified Party in any action between the Indemnifying Party and the Indemnified Party or between the Indemnifie Party and any third party or otherwise) as they are incurred by such Indemnified Party; provided, however, that if an Indemnified Party is reimbursed hereunder for any expenses, such reimbursement of expenses shall be refunded to the extent it is finally judicially determined that the Losses in question resulted primarily from the willful misconduct or gross negligence of such Indemnified Party.

7.2 Indemnification by Purchasers. Except as otherwise provided in this Article 7, each of the Purchasers, severally and not jointly (each, a "Purchaser Indemnifying Party"), agrees to indemnify, defend and hold harmless the Company, its officers, directors, agents, employees, subsidiaries and controlling persons (each, a "Purchaser Indemnified Party") to the fullest extent permitted by law from and against any and all Losses resulting from, arising out of or relating to any breach of any representation or warranty set forth in Article 4 hereto; provided, that the Purchaser Indemnifying Party shall not be liable under this Section 7.2 to the Purchaser Indemnified Party to the extent that it is finally judicially determined that such Losses resulted primarily from the material breach by such Purchaser Indemnified Party of any representation, warranty, covenant or other agreement of such Purchaser Indemnified Party contained in this Agreement; and provided, further, that if and to the extent that such indemnification is unenforceable for any reason, the Purchaser Indemnifying Party shall

make the maximum contribution to the payment and satisfaction of such Losses which shall be permissible under applicable laws. The aggregate amount of indemnification payments payable to the Purchaser Indemnified Party shall not exceed the aggregate purchase price paid by such Purchaser Indemnifying Party for its Purchased Shares hereunder.

7.3 Seller's Limitation of Liability. (a) Anything in this Agreement to the contrary notwithstanding, the Indemnifying Party's maximum liability to any and all of the Indemnified Parties for indemnification under Section 7.1 (except for Losses resulting from, arising out of or relating to a breach of any of the representations and warranties set forth in Sections 3.1, 3.2, 3.4, 3.7(a) and 3.9) shall not exceed $20,000,000.

7.4 Notification. Each Indemnified Party or Purchaser Indemnified Party, as the case may be (for purposes of this Section 7.3, an "Indemnified Party"), under this Article 7 shall, promptly after the receipt of notice of the commencement of any action, investigation, claim or other proceeding against such Indemnified Party in respect of which indemnity may be sought from the Indemnifying Party or Purchaser Indemnifying Party, as the case may be (for purposes of this Section 7.3, an Indemnifying Party") under this Article 7, notify the Indemnifying Party in writing of the commencement thereof. The omission of any Indemnified Party so to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability which it may have to such Indemnified Party (a) other than pursuant to this Article 7 or (b) under this Article 7 unless, and only to the extent that, such Indemnifying Party has been prejudiced thereby. In case any such action, claim or othe proceeding shall be brought against any Indemnified Party, and it shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to assume the defense thereof at its own expense, with counsel satisfactory to such Indemnified Party in its reasonable judgment; provided, however, that any Indemnified Party may, at its own expense, retain separate counsel to participate in such defense at its own expense. Notwithstanding the foregoing, in any action, claim or proceeding in which both the Indemnifying Party, on the one hand, and an Indemnified Party, on the other hand, are, or are reasonably likely to become, a party, such Indemnified Party shall have the right to employ separate counsel at the expense of the Indemnifying Party and to control its own defense of such action, claim or proceeding if, in the reasonable opinion of counsel to such Indemnified Party, a conflict or potential conflict exists between the Indemnifying Party, on the one hand, and such Indemnified Party, on the other hand, that would make such separate representation advisable; provided, however, that the Indemnifying Party shall not be liable for the fees and expenses of more than one counsel to all Indemnified Parties. The Indemnifying Party agrees that it will not, without the prior written consent of the Purchasers, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated hereby (if any Indemnified Party is a party thereto or has been actually threatened to be

made a party thereto) unless such settlement, compromise or consent includes an unconditional release of the Purchasers and each other Indemnified Party from all liability arising or that may arise out of such claim, action or proceeding. The Indemnifying Party shall not be liable for any settlement of any claim, action or proceeding effected against an Indemnified Party without the Indemnifying Party's written consent, which consent shall not be unreasonably withheld.

7.5 Exclusivity of Remedies. The indemnities provided in this Article 7 shall be the exclusive remedy for breach of this Agreement by any party hereto other than equitable remedies, including in the form of injunctions and orders for specific performance.

ARTICLE 8

AFFIRMATIVE COVENANTS

Until the effective date of Initial Public Offering, or earlier, as applicable, the Company hereby covenants and agrees with the Purchasers as follows:

8.1 Preservation of Existence. The Company shall use its reasonable commercial efforts to:

(a) preserve and maintain in full force and effect its existence and good standing under the laws of its jurisdiction of formation or organization;

(b) preserve and maintain in full force and effect all material rights, privileges, qualifications, applications, licenses and franchises necessary in the normal conduct of its business;

(c) use its best efforts to preserve its business organization;

(d) file or cause to be filed in a timely manner all reports, applications, estimates and licenses that shall be required by a Governmental Authority and that, if not timely filed, would be reasonably expected to have a material adverse effect on the Condition of the Company.

8.2 PriceLine Travel Reorganization. The Company shall cause PriceLine Travel to become a wholly-owned subsidiary of the Company by the earlier to occur of: (a) December 31, 1998, and (b) the effective date of the Initial Public Offering.

8.3 Financial Statements and Other Information. The Company shall deliver to each Purchaser, in form and substance satisfactory to such Purchaser:

(a) as soon as available, but not later than ninety (90) days after the end of each fiscal year of the Company, a copy of the audited balance sheet of the Company as of the end of such fiscal year and the related statements of operations and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous year, all in reasonable detail and accompanied by a management summary and analysis of the operations of the Company for such fiscal year accompanied by the report of a nationally recognized independent certified public accounting firm satisfactory to the Purchasers which report shall state that such financial statements present fairly the financial condition as of such date and results of operations and cash flows for the periods indicated in conformity with GAAP applied on a consistent basis;

(b) commencing with the fiscal period ending on September 30, 1998, as soon as available, but in any event not later than forty-five (45) days after the end of each of the first three fiscal quarters of each fiscal year, the unaudited balance sheet of the Company, and the related statements of operations and cash flows for such quarter and for the period commencing on the first day of the fiscal year and ending on the last day of such quarter, all certified by an appropriat officer of the Company as presenting fairly the financial condition as of such date and results of operations and cash flows for the periods indicated in conformity with GAAP applied on a consistent basis, subject to normal year-end adjustments, the absence of a management's discussion and analysis of financial condition section and the absence of footnotes required by GAAP; and

(c) notwithstanding anything to the contrary set forth herein, both before and after the effective date of an Initial Public Offering as promptly as practicable, but not later than five (5) days after a request by such Purchaser, a certificate signed by the Chief Executive Officer of the Company that the Company is not a "foreign person" within the meaning of Section 1445 of the Code.

8.4 Annual Budget. Not less than forty-five (45) days prior to the end of each fiscal year, the Company shall prepare and submit to its Board of Directors for its approval an operating budget of the Company for the next fiscal year.

8.5 Reservation of Common Stock. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issue or delivery upon conversion of the Purchased Shares as provided in the Certificate of Incorporation, the maximum number of shares of Common Stock that may be issuable or deliverable upon such conversion or exchange. Such shares of Common Stock are duly authorized and, when issued or delivered in accordance with the

Certificate of Incorporation and against payment therefor, shall be validly issued, fully paid and non-assessable. The Company shall issue such shares of Common Stock in accordance with the terms of the Certificate of Incorporation and otherwise comply with the terms hereof and thereof.

8.6 Insurance. The Company shall use reasonable best efforts to maintain insurance with insurance companies or associations with a rating of "A" or better as established by Best's Rating Guide (or an equivalent rating with such other publication of a similar nature as shall be in current use) in such amounts and covering such risks as are usually and customarily carried with respect to similar businesses according to their respective locations.

8.7 Books and Records. The Company shall keep proper books of record and account, in accordance with GAAP consistently applied.

8.8 Back-Ups of Computer Software. The Company shall make back-ups of all material computer software programs and databases and shall maintain such software programs and databases at a secure off-site location.

8.9 Personnel and Assets. The Company shall within 60 days of the Closing cause WDC to transfer title to the Company of all assets presently owned by WDC that are used primarily by the Company.

8.10 Breitenbach Agreement. The Company agrees that, notwithstanding any obligation pursuant to the Breitenbach Agreement, it shall not grant an option to Paul Breitenbach to purchase 10% of a business unit of the Company.

8.11 Stock Option Plan. The Company agrees and covenants to the Purchasers that within 20 days of the date hereof, the Company shall have amended Section 3(a) of its stock option plan, the priceline.com LLC 1997 Omnibus Plan, which is attached as Exhibit B to Schedule 3.7(a) (the "Omnibus Plan"), to reduce the maximum number of shares of Common Stock reserved for issuance thereunder from 18,000,000 to 14,000,000. If such amendment is not effected within such time period, the shares of Common Stock reserved for issuance under the Omnibus Plan in excess of 14,000,000 shall be immediately treated as Excess Option Shares for purposes of Section 2.4 hereunder, and the Company shall pay to the Purchasers on the 21st day after the date hereof the Reimbursement Amounts with respect to such Excess Option Shares.

ARTICLE 9

MISCELLANEOUS

9.1 Survival of Representations and Warranties. All of the representations and warranties made herein shall survive the execution and delivery of this Agreement, any investigation by or on behalf of the Purchasers or acceptance of the Purchased Shares, until 60 days after receipt of the Company's financial statements for the year ended December 31, 1999, and at the end of such period, such representations and warranties and related indemnification rights and obligations with respec thereto shall expire; provided, however, that the representations and warranties set forth in Sections 3.1, 3.2, 3.4, 3.7(a) and 3.9 shall survive without any expiration and Section 3.12 shall survive until the expiration of the applicable statute of limitations.

9.2 Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first-class mail, return receipt requested, telecopier, courier service or personal delivery:

(a) if to the Company, to:

priceline.com Incorporated
4 High Ridge Park
Stamford, CT 06905
Telecopy: (203) 595-8344
Attention: Mr. Paul E. Francis

with a copy to:

Cummings & Lockwood
Four Stamford Plaza
P.O. Box 120
Stamford, CT 06904
Telecopy: (203) 351-4299
Attention: Melissa M. Taub, Esq.

and to:

Skadden, Arps, Slate, Meagher, & Flom, L.L.P.
One Rodney Square
Wilmington, DE 19801
Telecopy: (302) 651-3001
Attention: Patricia Moran Chuff, Esq.

(b) if to GAP LP or GAP Coinvestment, to:

c/o General Atlantic Service Corporation
3 Pickwick Plaza
Greenwich, Connecticut 06830
Telecopy: (203) 622-4098
Attention: William E. Ford
David A. Rosenstein, Esq.

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
Telecopy: (212) 757-3990
Attention: Matthew Nimetz, Esq.

All such notices and communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier, if delivered by commercial courier service; five (5) Business Days after being deposited in the mail, postage prepaid, if mailed; and when receipt is mechanically acknowledged, if telecopied.

9.3 Successors and Assigns; Third Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto. Subject to applicable securities laws, each of the Purchasers may assign any of its rights under any of the Transaction Documents to any of its Affiliates. The Company may not assign any of its rights under this Agreement without the written consent of the Purchasers. Except as provided in Article 7, n Person other than the parties hereto and their successors and permitted assigns is intended to be a beneficiary of this Agreement.

9.4 Amendment and Waiver.

(a No failure or delay on the part of the Company, or the Purchasers in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Company and the Purchasers at law, in equity or otherwise.

(b Any amendment, supplement or modification of or to any provision of this Agreement, any waiver of any provision of this Agreement, and any consent to any departure by the Company or the Purchasers from the terms of any provision of this Agreement, shall be effective only if it is made or given in writing and signed by the Company and the Purchasers.

9.5 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

9.6 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

9.7 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW OF ANY JURISDICTION.

9.8 Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof.

9.9 Entire Agreement. This Agreement, together with the exhibits and schedules hereto, the Confidentiality Agreement with respect to the transactions contemplated hereby, and the other Transaction Documents, is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises warranties or undertakings, other than those set forth or referred to herein or therein. This Agreement, together with the exhibits and schedules hereto and the other Transaction Documents, supersedes all prior agreements and understandings between the parties with respect to such subject matter.

9.10 Fees. Upon the Closing, the Company shall reimburse the Purchasers for their fees, disbursements and other charges of counsel incurred in connection with the transactions contemplated by this Agreement, provided that the amount of such reimbursement shall not exceed $50,000.

9.11 Publicity. Except as may be required by applicable Requirement of Law, none of the parties hereto shall issue a publicity release or public announcement or otherwise make any disclosure concerning this Agreement or the transactions contemplated hereby, without prior approval by the other parties hereto (which approval shall not be unreasonably withheld); provided, however, that nothing in this Agreement shall restrict any Purchaser from disclosing information (a) that is alread publicly available and (b) to its attorneys, accountants, consultants and other advisors to the extent necessary to obtain their services in connection with such Purchaser's investment in the Company. After the Closing, GAP LLC may disclose on its worldwide web page, www.gapartners.com, the name of the Company, its address, the identity of the Chief Executive Officer, a description of the Company's business and the aggregate dollar amount invested by the Purchasers in the Company. If any announcement is required by law to be made by any party hereto concerning this Agreement or the transactions contemplated hereby, prior to making such announcement such party will deliver a draft of such announcement to the other parties and shall give the other parties an opportunity to comment thereon.

9.12 Further Assurances. Each of the parties shall execute such documents and perform such further acts (including, without limitation, obtaining any consents, exemptions, authorizations or other actions by, or giving any notices to, or making any filings with, any Governmental Authority or any other Person, and otherwise fulfilling, or causing the fulfillment of, the conditions to Closing set forth in Articles 5 and 6) as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement and to consummate and make effective as promptly as possible the transactions contemplated by this Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Stock Purchase Agreement to be executed and delivered by their respective officers hereunto duly authorized on the date first above written.

PRICELINE.COM INCORPORATED

By:

Name:
Title:

GENERAL ATLANTIC PARTNERS 48, L.P.

By: GENERAL ATLANTIC PARTNERS, LLC, its General Partner

By:

Name:
Title:

GAP COINVESTMENT PARTNERS, L.P.

By:

Name:
Title:

Schedule 2.1

Purchased Shares and Purchase Price

Purchaser	Purchased Shares	Purchase Price
GAP LP	15,214,042	$17,600,000
GAP Coinvestment	2,074,642	$ 2,400,000
Total:	17,288,684	$20,000,000

Exhibit 10.3

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STOCK PURCHASE AGREEMENT

by and between

PRICELINE.COM INCORPORATED

and

THE INVESTORS LISTED ON SCHEDULE 2.1 HERETO

Dated: December 8, 1998

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STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated December 8, 1998 (the "Agreement"), among priceline.com Incorporated, a Delaware corporation (the "Company"), and the investors listed on Schedule 2.1 hereto (each a "Purchaser").

WHEREAS, upon the terms and conditions set forth in this Agreement, the Company proposes to issue and sell to the Purchasers, for an aggregate purchase price of $55,350,000 (subject to adjustment as more specifically provided herein), an aggregate of 13,837,500 shares of Series B Convertible Preferred Stock, par value $0.01 per share, of the Company (the "Series B Preferred Stock"); and

WHEREAS, each share of Series B Preferred Stock is convertible (subject to adjustment) into one share of common stock, par value $.01 per share, of the Company (the "Common Stock").

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

"Affiliate" has the meaning ascribed to such term in the Stockholders Agreement.

"Agreement" means this Agreement, as the same may be amended, supplemented or modified in accordance with the terms hereof.

"Assets" has the meaning set forth in Section 3.18 of this Agreement.

"Balance Sheets" has the meaning set forth in Section 3.11 of this Agreement.

"Board of Directors" means the Board of Directors of the Company.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in the State of New York are authorized or required by law or executive order to close.

"By-laws" means the by-laws of the Company in effect on the Closing Date substantially in the form attached hereto as Exhibit A-2, as the same may be amended from time to time.

"Capital Lease Obligations" of any Person shall mean, as of the date of determination, the obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) of real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP consistently applied.

"Certificate of Designations" means the Certificate of Designations with respect to the Series B Preferred Stock adopted by the Board of Directors and filed with the Secretary of State of the State of Delaware on or before the Closing Date substantially in the form attached hereto as Exhibit B.

"Certificate of Incorporation" means the Certificate of Incorporation of the Company substantially in the form attached hereto as Exhibit A-1, as the same may be amended from time to time.

"Claims" has the meaning set forth in Section 3.5 of this Agreement.

"Closing" has the meaning set forth in Section 2.3 of this Agreement.

"Closing Date" has the meaning set forth in Section 2.3 of this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor statute thereto.

"Commission" means the Securities and Exchange Commission or any similar agency then having jurisdiction to enforce the Securities Act.

"Common Stock" has the meaning set forth in the recitals to this Agreement.

"Company" has the meaning set forth in the recitals to this Agreement.

"Company Indemnified Party" has the meaning set forth in Section 7.1 of this Agreement.

"Company Indemnifying Party" has the meaning set forth in Section 7.1 of this Agreement.

"Condition of the Company" means the assets, business, properties, operations or financial condition of the Company.

"Contingent Obligation" means, as applied to any Person, any direct or indirect liability of that Person with respect to any Indebtedness, lease, dividend, guaranty, letter of credit or other obligation, contractual or otherwise (the "primary obligation") of another Person (the "primary obligor"), whether or not contingent, (a) to purchase, repurchase or otherwise acquire such primary obligations or any property constituting direct or indirect security therefor, or (b) to advance or provide funds (i) for the payment or discharge of any such primary obligation, or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, or (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the owner of any such primary obligation against loss or failure or inability to perform in respect thereof. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof.

"Contractual Obligations" means as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument to which such Person is a party or by which it or any of its property is bound.

"Conversion Price" has the meaning ascribed to such term in the Certificate of Designations.

"Copyrights" means any foreign or United States copyright registrations and applications for registration thereof, and any non-registered copyrights.

"Defined Benefit Plan" means a defined benefit plan within the meaning of Section 3(35) of ERISA or Section 414(j) of the Code, whether funded or unfunded, quali fied or nonqualified (whether or not subject to ERISA or the Code).

"Environmental Laws" means federal, state, local and foreign laws, principles of common law, civil law, regulations and codes, as well as orders, decrees, judgments or injunctions issued, promulgated, approved or entered thereunder relating to pollution or protection of the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any Person that is treated as a single employer with the Company under Section 414(b), (c), (m) or (o) of the Code.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder.

"Financial Statements" has the meaning set forth in Section 3.11 of this Agreement.

"GAAP" means generally accepted accounting principles in effect from time to time in the United States.

"Governmental Authority" means the government of any nation, state, city, locality or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Indebtedness" means, as to any Person, (a) all obligations of such Person for borrowed money (including, without limitation, reimbursement and all other obligations with respect to surety bonds, letters of credit and bankers' acceptances, whether or not matured), (b) all obligations of such Person evidenced by notes, bonds, debentures or similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable and accrued commercial or trade liabilities arising in the ordinary course of business, (d) all interest rate and currency swaps, caps, collars and similar agreements or hedging devices under which payments are obligated to be made by such Person, whether periodically or upon the happening of a contingency, (e) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (f) all obligations of such Person under leases which have been or should be, in accordance with GAAP, recorded as capital leases, (g) all indebtedness secured by any Lien (other than Liens in favor of lessors under leases other than leases included in

clause (f)) on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person, and (h) any Contingent Obligation of such Person.

"Indemnified Party" has the meaning set forth in Section 7.4 of this Agreement.

"Indemnifying Party" has the meaning set forth in Section 7.4 of this Agreement.

"Initial Public Offering" means the first underwritten public offering of the Common Stock pursuant to an effective Registration Statement filed under the Securities Act with a per share purchase price equal to or greater than the Conversion Price (as defined in the Certificate of Designations) then in effect and resulting in aggregate net proceeds (after expenses and underwriting commissions and discounts) to the Company and any selling stockholder of at least $50,000,000.

"Intellectual Property" has the meaning set forth in Section 3.20 of this Agreement.

"Internet Assets" means any internet domain names and other computer user identifiers and any rights in and to sites on the worldwide web, including rights in and to any text, graphics, audio and video files and html or other code incorporated in such sites.

"Liabilities" has the meaning set forth in Section 3.19 of this Agreement.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, encumbrance, lien (statutory or other) or preference, priority, right or other security interest or preferential arrangement of any kind or nature whatsoever (excluding Series B Preferred Stock and equity related preferences), including, without limitation, those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a Capital Lease Obligation, or any financing lease having substantially the same economic effect as any of the foregoing.

"Losses" has the meaning set forth in Section 7.1 of this Agreement.

"Orders" has the meaning set forth in Section 3.2 of this Agreement.

"Patents" means any foreign or United States patents and patent applications, including any divisions, continuations, continuations-in-part, substitutions

or reissues thereof, whether or not patents are issued on such applications and whether or not such applications are modified, withdrawn or resubmitted.

"Permits" has the meaning set forth in Section 3.6(b)(i) of this Agreement.

"Permitted Liens" means (i) mechanics', carriers', workmen's, repairmen's or other like Liens arising or incurred in the ordinary course of business with respect to liabilities that are not yet due or delinquent, (ii) Liens for Taxes, assessments and other governmental charges which are not due and payable or which may hereafter be paid without penalty or which are being contested in good faith by appropriate proceedings and (iii) other imperfections of title or encumbrances, if any, which imperfections of title or other encumbrances, individually or in the aggregate, would not reasonably be expected to impair the ability of the Company to use the property or asset to which it relates in substantially the same manner as it was used on the Closing Date.

"Person" means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company, Governmental Authority or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"PISA" has the meaning set forth in Section 3.31 of this Agreement.

"Plans" has the meaning set forth in Section 3.17 of this Agreement.

"Priceline LLC" means priceline.com LLC, a Delaware limited liability company.

"PriceLine Travel" means PriceLine Travel, Inc., a Delaware corporation.

"PriceLine Travel Option" has the meaning set forth in Section 5.10(c) of this Agreement.

"Purchase Price" has the meaning set forth in Section 2.1 of this Agreement.

"Purchased Shares" has the meaning set forth in Section 2.1 of this Agreement.

"Purchaser" has the meaning set forth in the recitals to this Agreement.

"Purchaser Indemnified Party" has the meaning set forth in Section 7.2 of this Agreement.

"Purchaser Indemnifying Party" has the meaning set forth in Section 7.2 of this Agreement.

"Registration Rights Agreement" means the Amended and Restated Registration Rights Agreement substantially in the form attached hereto as Exhibit C.

"Registration Statement" means a registration statement filed pursuant to the Securities Act.

"Requirements of Law" means, as to any Person, any law, statute, treaty, rule, regulation, right, privilege, qualification, license or franchise or determination of an arbitrator or a court or other Governmental Authority or stock exchange, in each case applicable or binding upon such Person or any of its property or to which such Person or any of its property is subject or pertaining to any or all of the transactions contemplated or referred to herein.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder.

"Series A Preferred Stock" means the Series A Convertible Preferred Stock, par value $.01 per share, of the Company.

"Series B Preferred Stock" has the meaning set forth in the recitals to this Agreement.

"Side Agreement" has the meaning set forth in Section 5.10 of this Agreement.

"Side Parties" has the meaning set forth in Section 5.10 of this Agreement.

"Software" means any computer software program, source code, object code, data and documentation, including, without limitation, any computer software programs that incorporate and run the Company's pricing models, formulae and algorithms.

"Statements of Operations" has the meaning set forth in Section 3.11 of this Agreement.

"Stock Equivalents" means any security or obligation which is by its terms convertible into or exchangeable for shares of common stock or other capital stock or securities of the Company, and any option, warrant or other subscription or purchase right with respect to common stock or such other capital stock or securities.

"Stockholders" means Jay Walker and certain other stockholders of the Company, including General Atlantic Partners 48, L.P. and GAP Coinvestment Partners, L.P.

"Stockholders Agreement" means the Amended and Restated Stockholders Agreement, substantially in the form attached hereto as Exhibit D.

"Subsidiary" of any Person means any limited liability company, corporation, partnership, association, joint venture or other entity of which such Person (either alone or through any other Person pursuant to any agreement, arrangement, contract or other commitment) owns, directly or indirectly, 50% or more of the capital stock or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such entity.

"Subsidiary Date" has the meaning set forth in Section 5.10(a) of this Agreement.

"Taxes" has the meaning set forth in Section 3.12 of this Agreement.

"Trade Secrets" means any trade secrets, research records, processes, procedures, manufacturing formulae, technical know-how, technology, blue prints, designs, plans, inventions (whether patentable and whether reduced to practice), invention disclosures and improvements thereto.

"Trademarks" means any foreign or United States trademarks, service marks, trade dress, trade names, brand names, designs and logos, corporate names, product or service identifiers, whether registered or unregistered, and all registrations and applications for registration thereof.

"Transaction Documents" means collectively, this Agreement, the Stockholders Agreement and the Registration Rights Agreement.

"WAMP" means Walker Asset Management Limited Partnership, a Connecticut limited partnership.

"WDC" means Walker Digital Corporation, a Delaware corporation.

1.2 Accounting Terms; Financial Statements. All accounting terms used herein not expressly defined in this Agreement shall have the respective meanings given to them in accordance with sound accounting practice. The term "sound accounting practice" shall mean such accounting practice as, in the opinion of the independent certified public accountants regularly retained by the Company, conforms at the time to GAAP applied on a consistent basis except for changes with which such accountants concur.

1.3 Knowledge of the Company. All references to the knowledge of the Company shall mean the knowledge of Richard Braddock, Chairman and Chief Executive Officer of the Company, Jay Walker, Vice Chairman of the Company, Jesse Fink, Chief Operating Officer of the Company, Paul E. Francis, Chief Financial Officer of the Company, and Timothy Brier, Executive Vice President of the Company.

ARTICLE 2

PURCHASE AND SALE OF SERIES B PREFERRED STOCK

2.1 Purchase and Sale of Series B Preferred Stock to the Purchaser. Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Purchasers, and each of the Purchasers agrees that it will purchase from the Company, on the Closing Date, the aggregate number of shares of Series B Preferred Stock set forth opposite such Purchaser's name on Schedule 2.1 hereto for the purchase price of $4.00 per share, or the aggregate purchase price set forth opposite such Purchaser's name on Schedule 2.1 hereto (the "Purchase Price"), subject to the terms of Section 2.4 below (all of the shares of Series B Preferred Stock being purchased by the Purchasers are collectively referred to herein as the "Purchased Shares").

2.2 Certificate of Designations. The Purchased Shares shall have the preferences and rights set forth in the Certificate of Designations.

2.3 Closing. The closing of the sale and purchase of the Purchased Shares (the "Closing") shall take place via facsimile no later than 2:00 p.m., New York time, on the date hereof, or at such other time, place and date that the Company and the Purchasers may agree in writing (the "Closing Date"). At the Closing, each of the Purchasers shall deliver to the Company by wire transfer of immediately available funds an amount equal to such Purchaser's Purchase Price. Upon receipt of such wire transfer, the Company shall promptly deliver to each of the Purchasers by overnight delivery a stock certificate representing such Purchaser's Purchased Shares.

2.4 Conversion Price Adjustment. If the Company has not consummated the Initial Public Offering on or prior to the first anniversary of the Closing Date, then, pursuant to the terms of the Certificate of Designations, the Conversion Price shall be adjusted in a manner that will result in an adjusted purchase price of $2.46 per share of Common Stock issuable upon the conversion of each share of Series B Preferred Stock (subject to such other adjustments, if any, as may be provided by the Certificate of Designations) purchased by the Purchaser pursuant to this Agreement.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to each of the Purchasers as of the date hereof as follows:

3.1 Corporate Existence and Power. The Company (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation; (b) has all requisite corporate power and authority to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently, or is proposed to be, engaged; (c) is duly qualified as a foreign corporation, licensed and in good standing under the laws of each jurisdiction in which its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to do so would not have a material adverse effect on the Condition of the Company; and (d) has the corporate power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party. The Company has not received notice from any jurisdiction, other than those referred to in clause (c) above, in writing or otherwise, that the Company is required to qualify as a foreign corporation therein, and the Company does not file any franchise, income or other tax returns in any other jurisdiction based upon its ownership or use of property therein or its derivation of income therefrom. The Company does not own or lease property in any jurisdiction other than its jurisdiction of incorporation and the jurisdictions referred to in clause (c) above.

3.2 Authorization; No Contravention. The execution, delivery and performance by the Company of this Agreement and each of the other Transaction Documents and the transactions contemplated hereby and thereby (a) have been duly authorized by all necessary corporate or other comparable action of the Company; (b) do not contravene the terms of the Certificate of Incorporation or the By-laws; (c) do not violate (and will not violate with or without the passage of time or the giving of notice),

conflict with or result in any breach or contravention of, or the creation of any Lien under, any material Contractual Obligation of the Company, or any material Requirement of Law applicable to the Company; and (d) do not violate any judgment, injunction, writ, award, decree or order of any nature (collectively, "Orders") of any Governmental Authority against, or binding upon, the Company.

3.3 Governmental Authorization; Third-Party Consents. Except as set forth in Schedule 3.3, no approval, consent, compliance, exemption, authorization or other action by, or notice to, or filing with, any Governmental Authority or any other Person, and no lapse of a waiting period under a Requirement of Law, is necessary or required in connection with the execution, delivery or performance (including, without limitation, the sale, issuance and delivery of the Purchased Shares) by, or enforcement against, the Company of this Agreement and the other Transaction Documents or the transactions contemplated hereby and thereby.

3.4 Binding Effect. This Agreement and each of the other Transaction Documents have been duly executed and delivered by the Company, and constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as enforceability may be limited by applicable bank ruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general prin ciples of equity relating to enforceability (regardless of whether considered in a proceeding at law or in equity).

3.5 Litigation. Except as set forth on Schedule 3.5, there are no actions, suits, proceedings, claims, complaints, disputes, arbitrations or investigations (collectively, "Claims") pending or, to the knowledge of the Company, threatened, at law, in equity, in arbitration or before any Governmental Authority against the Company. No Order has been issued by any court or other Governmental Authority against the Company purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any of the other Transaction Documents.

3.6 Compliance with Laws.

(a) The Company is in compliance with all Requirements of Law including, without limitation, any general consumer protection statutes and any state travel agent registration requirements, and all Orders issued by any court or Governmental Authority against the Company that are not expressly covered by any other representation or warranty of the Company set forth in Article 3 hereof in all respects, except to the extent that the failure to comply with such Requirements of Law or Orders would not have a material adverse effect on the Condition of the Company.

(b) (i) The Company has all material licenses, permits and approvals of any Governmental Authority (collectively, "Permits") that are necessary for the conduct of the business of the Company; (ii) such Permits are in full force and effect; and (iii) no violations are or have been recorded in respect of any Permit.

(c) No material expenditure is presently required by the Company to comply with any existing Requirement of Law or Order.

3.7 Capitalization.

(a) On the Closing Date, after giving effect to the transactions contemplated by this Agreement, the authorized capital stock of the Company shall consist of (i) 300,000,000 shares of Common Stock, of which 73,793,954 shares are issued and outstanding, and (ii) 150,000,000 shares of preferred stock, par value $.01 per share, of the Company, of which 17,288,684 shares of Series A Preferred Stock are issued and outstanding and an aggregate of 13,837,500 shares of Series B Preferred Stock are being issued to the Purchasers pursuant to this Agreement. Schedule 3.7(a) sets forth, as of the Closing Date, a true and complete list of (x) the stockholders of the Company (including any trust or escrow agent arrangement created in connection with any employee stock option plan) and, opposite the name of each stockholder, the amount of all outstanding capital stock and Stock Equivalents owned by such stockholder and (y) the holders of Stock Equivalents (other than the stockholders set forth in clause (x) above) and, opposite the name of each such holder, the amount of all Stock Equivalents owned by such holder. As of the date of this Agreement, (i) options to purchase a total of 17,100,000 shares of Common Stock have been granted, or are reserved for grant under the Company's existing stock option plan, and (ii) warrants to purchase a total of 15,264,083 shares of Common Stock are issued and outstanding. The Company has reserved an aggregate of 17,288,684 shares of Common Stock for issuance upon conversion of the Series A Preferred Stock and 13,837,500 shares of Common Stock for issuance upon the conversion of the Series B Preferred Stock. Except as set forth on Schedule 3.7(a), there are no options, warrants, conversion privileges, subscription or purchase rights or other rights presently outstanding to purchase or otherwise acquire (i) any authorized but unissued, unauthorized or treasury shares of the Company's capital stock, (ii) any Stock Equivalents or (iii) other securities of the Company. The Purchased Shares are duly authorized, and when issued and sold to the Purchaser after payment therefor, will be validly issued, fully paid and non-assessable and will be free from any restrictions on transfer imposed by the Company other than as set forth in the Stockholders Agreement and the Registration Rights Agreement, and, subject to the truth and accuracy of the respective Purchaser's representations and warranties set forth in Article 4 hereof, will be issued in compliance with the registration and qualification requirements of all applicable federal, state and foreign securities laws or pursuant to a valid exemption therefrom. The shares of

Common Stock issuable upon conversion of the Purchased Shares are duly authorized and reserved for issuance and, when issued in compliance with the provisions of the Certificate of Incorporation and the Certificate of Designations, will be validly issued, fully paid and nonassessable. The issued and outstanding shares of Common Stock and Series A Preferred Stock are all duly authorized, validly issued, fully paid and nonassessable, and were issued in compliance with the registration and qualification requirements of all applicable federal, state and foreign securities laws or pursuant to a valid exemption therefrom.

(b) The Company does not, directly or indirectly, own and has not made any investment in any of the capital stock of, or any other proprietary interest in, any Person.

3.8 No Default or Breach; Contractual Obligations. Except as set forth on Schedule 3.8, the Company has not received written notice of any default under, and is not in default under, any Contractual Obligation listed on Schedule 3.8. Schedule 3.8 lists all of the Contractual Obligations to which the Company is a party, whether written or oral, (i) which involve an amount in excess of $25,000, (ii) which the Company has entered into with any airline or airline reservation system or any automobile manufacturer, distributor or dealership, or (iii) which are otherwise material to the Condition of the Company, and identifies with an asterisk each such Contractual Obligation that is oral. All such Contractual Obligations are valid, subsisting, in full force and effect and binding upon the Company and, to the knowledge of the Company, the other parties thereto, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability, and the Company has paid in full or accrued all amounts due thereunder and has satisfied in full or provided for all of its liabilities and obligations thereunder to the extent such payment, liabilities or obligations were due, or required performance, as applicable, from or by the Company. To the knowledge of the Company, no other party to any such Contractual Obligation is in default thereunder, nor does any condition exist that with notice or lapse of time or both would constitute a default thereunder.

3.9 Title to Properties. The Company has good, record and marketable title in fee simple to, or holds interests in as lessee or sublessee under leases or subleases in full force and effect, all real property used in connection with its business or otherwise owned or leased or subleased by it, except for such defects in title and leasehold interests as would not, individually or in the aggregate, have a material adverse effect on the Condition of the Company, or a material adverse effect on the ability of the Company to perform its obligations under this Agreement or the other Transaction Documents.

3.10 FIRPTA. The Company is not a "foreign person" within the meaning of Section 1445 of the Code.

3.11 Financial Statements. The Company has delivered to each of the Purchasers unaudited combined balance sheets of Priceline LLC and PriceLine Travel as of December 31, 1997 and September 30, 1998 (the "Balance Sheets"), and the related combined income statements and statements of cash flows for the period from July 18, 1997 (Date of Inception) to December 31, 1997 and the nine months ended September 30, 1998 (collectively, the "Statements of Operations," and, together with the Balance Sheets, the "Financial Statements"). Each of (i) the Financial Statements has been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated; (ii) the Balance Sheets fairly presents the financial position of the Company and PriceLine Travel as of the date thereof; and (iii) the Statements of Operations fairly presents, in all material respects, the results of operations and changes in stockholders' equity and cash flows of the Company and PriceLine Travel, for the period then ended, except for normal and recurring year-end audit adjustments and the absence of footnote disclosure. The Financial Statements consist of all the financial statements of the Company since its inception.

3.12 Taxes. Except as set forth on Schedule 3.12, (a) the Company has paid all federal, state, county, local, foreign and other taxes, including, without limitation, income taxes, estimated taxes, excise taxes, sales taxes, use taxes, gross receipts taxes, franchise taxes, employment and payroll related taxes, property taxes and import duties, whether or not measured in whole or in part by net income (hereinafter, "Taxes" or, individually, a "Tax") which have come due and are required to be paid by it through the date hereof, and all deficiencies or other additions to Tax, interest and penalties owed by it in connection with any such Taxes; (b) the Company has timely filed or caused to be filed all returns for Taxes that it is required to file on and through the date hereof (including all applicable extensions), and all such Tax returns are accurate and complete; (c) the Company has not received any notice of deficiency with respect to any Tax return and, to the knowledge of the Company, no audit is in progress with respect to any return for Taxes, no extension of time is in force with respect to any date on which any return for Taxes was or is to be filed and no waiver or agreement is in force for the extension of time for the assessment or payment of any Tax; (d) all liabilities for Taxes of the Company attributable to periods prior to or ending on the date of the Financial Statements have been provided for on the Financial Statements in accordance with GAAP; and (e) there are no Liens for Taxes on the assets of the Company except for Liens for current Taxes not yet due or with respect to Taxes being disputed in good faith by the Company.

3.13 No Material Adverse Change; Ordinary Course of Business. Since June 30, 1998, (a) there has not been any material adverse change nor, to the

knowledge of the Company, is any such material adverse change threatened, in the Condition of the Company, (b) the Company has not declared, paid or made any dividend or any distribution to its stockholders except as set forth on Schedule 3.13 and (c) the Company has not increased the compensation of any of its officers or the rate of pay of any of its employees, except as part of regular compensation increases in the ordinary course of business and in connection with hiring Richard Braddock as Chairman and Chief Executive Officer of the Company.

3.14 Investment Company. The Company is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

3.15 Private Offering. No form of general solicitation or general advertising was used by the Company or its representatives in connection with the offer or sale of the Purchased Shares. Subject in part to the truth and accuracy of each of the Purchasers' representations and warranties set forth in Article 4 hereof, no registration of the Purchased Shares, pursuant to the provisions of the Securities Act or any state securities or "blue sky" laws, will be required by the offer, sale or issuance of the Purchased Shares. The Company agrees that neither it, nor anyone acting on its behalf, shall offer to sell the Purchased Shares or any other securities of the Company so as to require the registration of the Purchased Shares pursuant to the provisions of the Securities Act or any state securities or "blue sky" laws, unless such Purchased Shares or other securities are so registered.

3.16 Labor Relations. (a) The Company is not engaged in any unfair labor practice; (b) there is (i) no grievance or arbitration proceeding arising out of or under collective bargaining agreements pending or, to the knowledge of the Company, threa tened against the Company, and (ii) no strike, labor dispute, slowdown or stoppage pending or, to the knowledge of the Company, threatened against the Company; (c) the Company is not a party to any collective bargaining agreement; (d) there is no union repre sentation question existing with respect to the employees of the Company; and (e) to the knowledge of the Company, no union organizing activities are taking place at any facility of the Company.

3.17 Employee Benefit Plans. Neither the Company nor any of its ERISA Affiliates has any actual or contingent, direct or indirect, liability in respect of any employee benefit plan or arrangement, including any plan subject to ERISA, other than to make contributions under or pay benefits pursuant to the plans listed on Schedule 3.17 (collectively, the "Plans"). All of the Plans are in material compliance with all applicable Requirements of Law. Except as set forth on Schedule 3.17, no Plan (a) is subject to Title IV of ERISA, or is otherwise a Defined Benefit Plan, or is a multiple employer plan (within the meaning of Section 413(c) of the Code); or (b) provides for post-retirement welfare benefits or a "parachute payment" (within the

meaning of Section 280G(b) of the Code). The execution and delivery of this Agreement and each of the other Transaction Documents, the purchase and sale of the Purchased Shares and the consummation of the transactions contemplated hereby and thereby will not result in any prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

3.18 Title to Assets. Except as set forth on Schedule 3.18, the Company owns and has good, valid, and marketable title to all of its properties and assets used in its business and reflected as owned on the Financial Statements or so described in Schedule 3.18 (collectively, the "Assets"), in each case free and clear of all Liens other than Permitted Liens and Liens specifically described on the notes to the Financial Statements.

3.19 Liabilities. The Company does not have any direct or indirect obligation or liability (the "Liabilities") other than (a) Liabilities fully and adequately reflected or reserved against on the Financial Statements and (b) Liabilities incurred since July 1, 1998 in the ordinary course of business.

3.20 Intellectual Property.

(a) (i) The Company is the owner of, or has the license or right to use, sell and license, all of the Copyrights, Patents, Trade Secrets, Trademarks, Internet Assets, Software and other proprietary rights (collectively, "Intellectual Property") that are used in connection with its business as presently conducted or contemplated in the Company's confidential Information Summary dated October 1998.

(ii) Schedule 3.20(a)(ii) sets forth all of the Intellectual Property owned by the Company, and filings and applications for any of the above filed by the Company or WAMP. Except as set forth on Schedule 3.20(a)(ii), none of the Intellectual Property listed on Schedule 3.20(a)(ii) is subject to any outstanding Order, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand is pending or, to the knowledge of the Company, threatened, which challenges the validity, enforceability, use or ownership of any item of the Intellectual Property.

(iii) Schedule 3.20(a)(iii) sets forth all Intellectual Property licenses, sublicenses, distributor agreements and other agreements under which the Company is either a licensor, licensee or distributor, except such licenses, sublicenses and other agreements relating to off-the-shelf software which are commercially available on a retail basis and used solely on the computers of the Company. The Company has substantially performed all obligations imposed upon it thereunder, and the Company is not, and to the knowledge of the Company no other party thereto is, in breach of or default thereunder in any respect, nor is there any event

which with notice or lapse of time or both would constitute a default thereunder. All of the Intellectual Property licenses listed on Schedule 3.20(a)(iii) are valid, enforceable and in full force and effect against the Company and, to the knowledge of the Company, against the other parties to such licenses, and will continue to be so on identical terms immediately following the Closing except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability.

(iv) To the knowledge of the Company, other than as set forth on Schedule 3.20(a)(iv), none of the Intellectual Property currently sold or licensed by the Company to any Person or used by or licensed to the Company infringes upon or otherwise violates any Intellectual Property rights of others.

(v) Except as set forth on Schedule 3.20(a)(v), no litigation is pending and no Claim has been received by the Company or, to the knowledge of the Company, is threatened, contesting the right of the Company to sell or license to any Person or use the Intellectual Property presently sold or licensed to such Person or used by the Company.

(b) Except as set forth on Schedule 3.20(b), to the knowledge of the Company, no Person is infringing upon or otherwise violating the Intellectual Property rights of the Company.

(c) No former employer of any employee of the Company, and no current or former client of any consultant of the Company, has made a claim against the Company or, to the knowledge of the Company, against any former employer of such employee or consultant, that such employee or such consultant is utilizing for the benefit of the Company Intellectual Property of such former employer or client.

(d) Except as set forth on Schedule 3.20(d), the Company is not a party to or bound by, any license or other agreement requiring the payment of any material royalty payment, excluding such agreements relating to software licensed for use solely on the computers of the Company.

(e) To the knowledge of the Company, no employee of the Company is in violation in any material respect of any Requirement of Law applicable to such employee, or any term of any employment agreement, patent or invention disclosure agreement or other contract or agreement relating to the relationship of such employee with the Company.

(f) To the knowledge of the Company, none of the Trade Secrets, wherever located, the value of which is contingent upon maintenance of confiden tiality thereof, has been disclosed to any Person not a party to a non-disclosure or confidentiality agreement with the Company other than employees, representatives and agents of the Company, except as required pursuant to the filing of a patent application by the Company.

(g) It is not necessary for the Company's business to use any Intellectual Property owned by any director, officer, employee or consultant of the Company (or persons the Company presently intends to hire). At no time during the conception or reduction to practice of any of the Company's Intellectual Property was any developer, inventor or other contributor to such Intellectual Property operating under any grants from any Governmental Authority or subject to any employment agreement, invention assignment, nondisclosure agreement or other Contractual Obligation with any third party that could adversely affect the Company's rights to its Intellectual Property.

3.21 Year 2000 Compliance. To the knowledge of the Company, the proprietary Software used by the Company will, and no material expenditure is required by the Company to make such Software, (a) accurately process date information before, during and after January 1, 2000, including, but not limited to, accepting date input, providing date output and performing calculations on dates or portions of dates; (b) function accurately and without interruption before, during and after January 1, 2000 without any change in operations associated with the advent of the new century; (c) respond to two (2) digit year date input in a way that resolves the ambiguity as to century in a disclosed, defined and predetermined manner; and (d) store and provide output of date information in ways that are unambiguous as to century.

3.22 Network Redundancy and Computer Back-Up. Except as set forth on Schedule 3.22:

(a) The server hardware and supporting equipment (including communications equipment, terminals and hook-ups that interface with airline computer reservation systems) used in the Company's services network provide redundancy and meet industry standards relating to high availability; and

(b) The Company has made back-ups of all material computer Software and databases utilized by it and maintain such Software and databases at a secure off-site location.

3.23 Privacy of Customer Information. The Company does not use any of the customer information it receives through its website in an unlawful manner or in a

manner violative of the rights of privacy of its customers. The Company has reasonably adequate security measures in place to protect the customer information it receives through its website from illegal use by third parties or use by third parties in a manner violative of the rights of privacy of its customers. The Company represents to its customers that it keeps secure the customer information its receives through its website, but does not guarantee security.

3.24 Potential Conflicts of Interest. Except as set forth on Schedule 3.24, no officer, director or stockholder of the Company, no spouse of any such officer, director or stockholder, and, to the knowledge of the Company, no relative of such spouse or of any such officer, director or stockholder and no Affiliate of any of the foregoing (a) owns, directly or indirectly, any interest in (excepting less than 1% stock holdings for investment purposes in securities of publicly held and traded companies), or is an officer, director, employee or consultant of, any Person which is, or is engaged in business as, a competitor, lessor, lessee, supplier, distributor, sales agent or customer of, or lender to or borrower from, the Company; (b) owns, directly or indirectly, in whole or in part, any tangible or intangible property that the Company has used, or that the Company will use, in the conduct of business; or (c) has any cause of action or other claim whatsoever against, or owes or has advanced any amount to, the Company, except for claims in the ordinary course of business such as for accrued vacation pay, accrued benefits under employee benefit plans, and similar matters and agreements existing on the date hereof.

3.25 Trade Relations. There exists no actual or, to the knowledge of the Company, threatened termination, cancellation or limitation of, or any adverse modifi cation or change in, the business relationship of the Company, or the business of the Company, with any customer or supplier or any group of customers or suppliers including, without limitation, Delta Airlines, Northwest Airlines, Transworld Airlines or America West Airlines, whose purchases or inventories provided to the Company's business are individually or in the aggregate material to the Condition of the Company, and there exists no present condition or state of fact or circumstances that would materially adversely affect the Condition of the Company or materially prevent the Company from conducting such business relationships or such business with any such customer, supplier or group of customers or suppliers in substantially the same manner as heretofore conducted by the Company.

3.26 Outstanding Borrowing. Schedule 3.26 sets forth (a) the amount of all Indebtedness of the Company as of the date hereof, (b) the Liens that relate to such Indebtedness and that encumber the Assets and (c) the name of each lender thereof.

3.27 Insurance. Schedule 3.27 lists all of the insurance policies held by or on behalf of the Company, with the effective date and coverage amounts indicated

thereon. Such policies and binders are valid and enforceable in accordance with their terms and are in full force and effect and covers all risks associated with the Company's business that are customarily insured against in the industry in such amounts as are customary in the industry. None of such policies will be affected by, or terminate or lapse by reason of, any transaction contemplated by this Agreement or any of the other Transaction Documents.

3.28 Environmental Matters. The Company is in compliance in all material respects with all applicable Environmental Laws. There is no civil, criminal or administrative judgment, action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter pending or, to the knowledge of the Company, threatened against the Company pursuant to Environmental Laws which would reasonably be expected to result in a fine, penalty or other obligation, cost or expense that would have a material adverse affect on the Condition of the Company; and, to the knowledge of the Company, there are no past or present events, conditions, circumstances, activities, practices, incidents, agreements, actions or plans of or relating to the Company which may prevent compliance with, or which have given rise to or will give rise to liability under, Environmental Laws that would have a material adverse affect on the Condition of the Company.

3.29 Broker's, Finder's or Similar Fees. There are no brokerage commissions, finder's fees or similar fees or commissions payable by the Company in connection with the transactions contemplated hereby based on any agreement, arrangement or understanding with the Company or any action taken by any such Person.

3.30 WAMP Assets. WAMP owns no assets used by, or necessary for the conduct of business of, the Company.

3.31 Affiliate Payments. All payments made by the Company to WDC pursuant to the Purchase and Intercompany Services Agreement (the "PISA"), dated as of April 6, 1998, among WAMP, WDC, the Company and PriceLine Travel, for services provided by WDC are made on the same basis as if the Company were paying an unaffiliated third party for similar services pursuant to an arm's-length transaction.

3.32 Employees. The Company employs, or contracts with consultants for, all personnel necessary for the operation of its business.

3.33 Financial Projections. The financial projections provided to the Purchasers by the Company regarding airline ticket sales were reasonably prepared based upon the best available information and the Company's financial statements.

3.34 Disclosure; Material Adverse Effects. There is no fact known to the Company, which the Company has not disclosed to each Purchaser either orally or in writing, which materially adversely affects the Condition of the Company or the ability of the Company to perform its obligations under this Agreement, any of the other Transaction Documents or any document contemplated hereby or thereby.

3.35 Certain Events. To the best of the Company's knowledge and except as set forth on Schedule 3.35, since June 30, 1998 there has not been:

(a) any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the Condition of the Company (as such business is presently conducted and as it is presently proposed to be conducted);

(b) any waiver or compromise by the Company of a material debt owed to it;

(c) any satisfaction or discharge of any Lien by the Company, except in the ordinary course of business and that is not material to the Condition of the Company (as such business is presently conducted and as it is presently proposed to be conducted);

(d) any sale, assignment, or transfer of any patents, trademarks, copyrights, trade secrets, or other intangible assets;

(e) any resignation or termination of employment of any executive officer of the Company that would materially and adversely affect the Condition of the Company and the Company, to the best of its knowledge, does not know of the impending resignation or termination of employment of any such officer that would materially and adversely affect the Condition of the Company;

(f) receipt of written notice that there has been a loss of, or material order cancellation by, any major customer of the Company;

(g) any loans or guarantees made by the Company to or for the benefit of its employees, stockholders, officers, or directors, or any members of their immediate families, other than travel advances and other advances made in the ordinary course of its business; or

(h) any agreement or commitment by the Company to do any of the things described in this Section 3.35.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES
OF THE PURCHASER

Each of the Purchasers hereby represents and warrants (severally as to itself and not jointly) to the Company as follows:

4.1 Existence and Power. Such Purchaser (a), if not an individual, is duly organized and validly existing under the laws of the jurisdiction of its formation and (b) has the requisite power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party.

4.2 Authorization; No Contravention. The execution, delivery and performance by such Purchaser of this Agreement and each of the other Transaction Documents to which it is a party and the transactions contemplated hereby and thereby, including, without limitation, the purchase of the Purchased Shares, (a) have been duly authorized by all necessary action, (b) do not contravene the terms of such Purchaser's organizational documents, or any amendment thereof, if applicable, (c) do not violate, conflict with or result in any breach or contravention of or the creation of any Lien under, any Contractual Obligation of such Purchaser, or any Requirement of Law applicable to such Purchaser and (d) do not violate any Order of any Governmental Authority against, or binding upon, such Purchaser.

4.3 Governmental Authorization; Third-Party Consents. No approval, consent, compliance, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person, and no lapse of a waiting period under any Requirement of Law, is necessary or required in connection with the execution, delivery or performance (including, without limitation, the purchase of the Purchased Shares by such Purchaser) by, or enforcement against, such Purchaser of this Agreement and each of the other Transaction Documents to which such Purchaser is a party or the transactions contemplated hereby and thereby.

4.4 Binding Effect. This Agreement and each of the other Transaction Documents to which such Purchaser is a party have been duly executed and delivered by such Purchaser and constitute the valid and binding obligations of such Purchaser, enforce able against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights

generally or by equitable principles relating to enforceability (regardless of whether considered in a proceeding at law or in equity).

4.5 Purchase for Own Account. The Purchased Shares to be acquired by such Purchaser pursuant to this Agreement, and the Common Stock acquired upon conversion of the Series B Preferred Stock, are being or will be acquired for its own account and with no intention of distributing or reselling such securities or any part thereof in any transaction that would be in violation of the securities laws of the United States of America, or any state. If such Purchaser should in the future decide to dispose of any of such Purchased Shares, such Purchaser understands and agrees that it may do so only in compliance with the Securities Act and applicable state securities laws, as then in effect. Such Purchaser agrees to the imprinting, so long as required by law, of legends on certificates representing all of the Purchased Shares and shares of Common Stock issuable upon conversion of the Purchased Shares to the following effect:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE. THE SECURITIES MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.
>
> THE SALE, ASSIGNMENT, HYPOTHECATION, PLEDGE, ENCUMBRANCE OR OTHER DISPOSITION (EACH A "TRANSFER") AND VOTING OF ANY OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE RESTRICTED BY THE TERMS OF THE AMENDED AND RESTATED STOCKHOLDERS AGREEMENT, DATED AS OF DECEMBER 8, 1998, AMONG PRICELINE.COM INCORPORATED, GENERAL ATLANTIC PARTNERS 48, L.P., GAP COINVESTMENT PARTNERS, L.P., GENERAL ATLANTIC PARTNERS 50, L.P. AND THE OTHER STOCKHOLDERS NAMED THEREIN. THE COMPANY WILL NOT REGISTER THE TRANSFER OF SUCH SECURITIES ON THE BOOKS OF THE COMPANY UNLESS AND UNTIL THE TRANSFER HAS BEEN MADE IN COMPLIANCE WITH THE TERMS OF THE STOCKHOLDERS AGREEMENT. THE COMPANY WILL MAIL A COPY OF SUCH AGREEMENT, TOGETHER WITH A COPY OF THE EXPRESS TERMS OF THE SECURITIES AND THE OTHER CLASS OR CLASSES AND SERIES OF SHARES, IF ANY, WHICH THE COMPANY IS AUTHORIZED TO ISSUE, TO THE RECORD HOLDER OF THIS CERTIFICATE,

WITHOUT CHARGE, WITHIN FIVE DAYS AFTER RECEIPT OF A WRITTEN REQUEST THEREFOR.

4.6 Restricted Securities. Such Purchaser understands that the Purchased Shares will not be registered at the time of their issuance under the Securities Act for the reason that the sale provided for in this Agreement is exempt pursuant to Section 4(2) of the Securities Act and that the reliance of the Company on such exemption is predicated in part on such Purchaser's representations set forth herein. Such Purchaser represents that it is experienced in evaluating companies such as the Company, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment and has the ability to suffer the total loss of its investment. Such Purchaser further represents that it has had the opportunity to conduct due diligence on the Company, to ask questions of and receive answers from the Company concerning the terms and conditions of the offering and to obtain additional information to such Purchaser's satisfaction.

4.7 Broker's, Finder's or Similar Fees. There are no brokerage commissions, finder's fees or similar fees or commissions payable by such Purchaser, in connection with the transactions contemplated hereby based on any agreement, arrangement or understanding with such Purchaser or any action taken by such Purchaser.

4.8 Accredited Investor. Such Purchaser is an "Accredited Investor" within the meaning of Rule 501 of Regulation D under the Securities Act, as presently in effect.

4.9 Litigation. No action, suit, proceeding, claim, complaint, dispute, arbitration or investigation has been instituted or, to the knowledge of such Purchaser, is threatened to restrain or prohibit or otherwise challenge the legality or validity of the transactions contemplated by this Agreement or any of the other Transaction Documents. No Order has been issued by any court or other Governmental Authority against such Purchaser purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any of the other Transaction Documents.

ARTICLE 5

CONDITIONS TO THE OBLIGATION OF THE PURCHASER TO CLOSE

The obligation of each Purchaser to purchase the number of Purchased Shares set forth opposite such Purchaser's name on Schedule 2.1 hereto, to pay the

Purchase Price set forth opposite such Purchaser's name on Schedule 2.1 hereto at the Closing and to perform any obligations hereunder shall be subject to the satisfaction as determined by, or waiver by, such Purchaser of the following conditions on or before the Closing Date.

5.1 Secretary's Certificate. Such Purchaser shall have received a certificate from the Company, in form and substance reasonably satisfactory to such Purchaser, dated the Closing Date and signed by the Secretary or an Assistant Secretary of the Company, certifying that the attached copies of the Certificate of Incorporation (including the Certificate of Designations with respect to the Series A Preferred Stock), the By-laws, the Certificate of Designations and resolutions of the Board of Directors approving this Agreement and each of the other Transaction Documents to which the Company is a party and the transactions contemplated hereby and thereby, are all true, complete and correct and remain unamended and in full force and effect.

5.2 Filing of Certificate of Designations. The Certificate of Designations shall have been duly filed by the Company with the Secretary of State of the State of Delaware and the Certificate of Designations with respect to the Series A Preferred Stock shall have been duly amended to provide for the automatic conversion of the Series A Preferred Stock into shares of Common Stock upon consummation of the Initial Public Offering, in each case in accordance with the General Corporation Law of the State of Delaware.

5.3 Stockholders Agreement. The Company and the Stockholders shall have duly executed and delivered the Stockholders Agreement, substantially in the form attached hereto as Exhibit D and the Company shall have taken such actions as may be necessary to cause (i) the Purchasers set forth in items 3 and 4 of Schedule 2.1 hereto to be General Atlantic Stockholders thereunder and (ii) all other Purchasers to be Additional Stockholders thereunder, including approval by the Board of Directors.

5.4 Registration Rights Agreement. The Company and the Stockholders shall have duly executed and delivered the Registration Rights Agreement, substantially in the form attached hereto as Exhibit C and the Company shall have taken such actions as may be necessary to cause (i) the Purchasers set forth on items 1 and 2 of Schedule 2.1 hereto to be Demand Stockholders thereunder, (ii) the Purchasers set forth on items 3 and 4 of Schedule 2.1 hereto to be General Atlantic Stockholders thereunder and (iii) the Purchasers set forth on items 5 through 10 to be Piggy-Back Stockholders thereunder, including approval by the Board of Directors.

5.5 Opinion of Counsel. Such Purchaser shall have received an opinion of counsel to the Company, dated the Closing Date, relating to the transactions

contemplated by or referred to herein, in form and substance reasonably satisfactory to such Purchaser.

5.6 Purchased Shares. The Company shall be prepared to deliver to such Purchaser certificates in definitive form representing the number of Purchased Shares set forth opposite such Purchaser's name on Schedule 2.1 hereto, registered in the name of such Purchaser.

5.7 No Material Judgment or Order. There shall not be on the Closing Date any Order of a court of competent jurisdiction or any ruling of any Governmental Authority or such condition imposed under any Requirement of Law which would, in the judgment of such Purchaser, (a) prohibit or restrict (i) the purchase of the Purchased Shares being purchased by such Purchaser or (ii) the consummation of the transactions contemplated by this Agreement, (b) subject such Purchaser to any penalty or onerous condition under or pursuant to any Requirement of Law if the Purchased Shares being purchased by such Purchaser were to be purchased hereunder, or (c) restrict the operation of the business of the Company as conducted on the date hereof in a manner that would have a material adverse effect on the Condition of the Company.

5.8 No Litigation. No action, suit, proceeding, claim or dispute shall have been brought or otherwise arisen at law, in equity, in arbitration or before any Governmental Authority against the Company which would, if adversely determined, (a) have a material adverse effect on the Condition of the Company or (b) have a material adverse effect on the ability of the Company to perform its obligations under this Agreement or each of the other Transaction Documents.

5.9 Preemptive Rights. The Company shall have provided such Purchaser with evidence reasonably satisfactory to such Purchaser's counsel that all preemptive or other similar rights applicable to the transactions contemplated hereby have been waived.

5.10 Side Agreement. PriceLine Travel and Jay Walker (the "Side Parties") shall have executed a side agreement (the "Side Agreement") pursuant to which:

(a) The Side Parties shall agree to cause PriceLine Travel by the earlier to occur of (i) December 31, 1998 and (ii) the effective date of the Initial Public Offering (such date, the "Subsidiary Date") to either (x) become a wholly owned Subsidiary of the Company, (y) merge or consolidate with or into the Company; or (z) transfer all of its assets to the Company, for nominal consideration;

(b) PriceLine Travel shall agree not to issue any equity securities or securities convertible into equity securities to any Person on or before the Subsidiary Date;

(c) Jay Walker shall grant a call option (the "PriceLine Travel Option") to the Company, such option to be exercisable at any time prior to the Subsidiary Date, to purchase all of Jay Walker's interests in PriceLine Travel for nominal consideration; and

(d) Jay Walker shall agree not to transfer any of his interests in PriceLine Travel prior to the Subsidiary Date other than in connection with the transactions contemplated in Section 5.10(a).

ARTICLE 6

CONDITIONS TO THE OBLIGATION OF THE COMPANY TO CLOSE

The obligation of the Company to issue and sell to each Purchaser the Purchased Shares set forth opposite such Purchaser's name on Schedule 2.1 hereto and the obligation of the Company to perform its other obligations hereunder with respect to each such Purchaser shall be subject to the satisfaction as determined by, or waiver by, the Company of the following conditions on or before the Closing Date:

6.1 Stockholders Agreement. Such Purchaser shall have duly executed and delivered the Stockholders Agreement substantially in the form attached hereto as Exhibit D as an Additional Stockholder or with respect to the Purchasers listed on items 3 and 4 of Schedule 2.1 hereto as a General Atlantic Stockholder thereunder.

6.2 Registration Rights Agreement. Such Purchaser shall have duly executed and delivered the Registration Rights Agreement substantially in the form attached hereto as Exhibit C, (i) with respect to the Purchasers listed on items 1 and 2 of Schedule 2.1 hereto, as a Demand Stockholder thereunder, (ii) with respect to the Purchasers listed on items 3 and 4 of Schedule 2.1 hereto, as a General Atlantic Stockholder thereunder, or (iii) with respect to the Purchasers listed on items 5 through 11 of Schedule 2.1 hereto, as a Piggy-Back Stockholder thereunder.

6.3 No Material Judgment or Order. There shall not be on the Closing Date any Order of a court of competent jurisdiction or any ruling of any Governmental Authority or any condition imposed under any Requirement of Law which would, in the judgment of the Company, (a) prohibit or restrict (i) the sale of Purchased

Shares to such Purchaser or (ii) the consummation of the transactions contemplated by this Agreement, or (b) subject the Company to any penalty or onerous condition under or pursuant to any Requirement of Law if Purchased Shares were to be sold to such Purchaser hereunder.

6.4 Payment of Purchase Price. Such Purchaser shall have delivered the Purchase Price opposite such Purchaser's name on Schedule 2.1 hereto.

6.5 Qualifications. All authorizations, approvals or permits of any Governmental Authority that are required in connection with the lawful issuance and sale of the Series B Preferred Stock shall have been obtained and be effective as of the Closing.

ARTICLE 7

INDEMNIFICATION

7.1 Indemnification. Except as otherwise provided in this Article 7, the Company (the "Company Indemnifying Party") agrees to indemnify, defend and hold harmless each of the Purchasers and its Affiliates and their respective officers, directors, agents, employees, subsidiaries, partners, members and controlling persons (each, a "Company Indemnified Party") to the fullest extent permitted by law from and against any and all losses, Claims (including any Claim by a third party), damages, expenses (including reasonable fees, disbursements and other charges of one counsel incurred by the Company Indemnified Party in any action between the Company Indemnifying Party and the Company Indemnified Party or between the Company Indemnified Party and any third party or otherwise) or other liabilities (collectively, "Losses") resulting from, arising out of or relating to any breach of any representation or warranty, covenant or agreement by the Company in this Agreement or the other Transaction Documents, including, without limitation, any legal, administrative or other actions (including actions brought by the Purchaser or the Company or any equity holders of the Company or derivative actions brought by any Person claiming through or in the Company's name), proceedings or investigations (whether formal or informal), or written threats thereof, based upon, relating to or arising out of this Agreement or the other Transaction Documents, the transactions contemplated hereby and thereby, or any Company Indemnified Party's role therein or in transactions contemplated thereby; provided, that the Company Indemnifying Party shall not be liable under this Section 7.1 to any Company Indemnified Party to the extent that it is finally judicially determined that such Losses resulted primarily from the material breach by any Company Indemnified Party of any representation, warranty, covenant or other agreement of a Company Indemnified Party contained in this Agreement; and provided, further, that if

and to the extent that such indemnification is unenforceable for any reason, the Company Indemnifying Party shall make the maximum contribution to the payment and satisfaction of such Losses which shall be permissible under applicable laws. The amount of any payment by the Company to any Company Indemnified Party herewith in respect of any Loss shall be of sufficient amount to make such Company Indemnified Party whole, including, without limitation or duplication, an amount sufficient to make up any diminution in the value of the Purchased Shares held by such Company Indemnified Party resulting from the payment by the Company of such indemnification payment. In connection with the obligation of the Company Indemnifying Party to indemnify for expenses as set forth above, the Company Indemnifying Party shall, upon presentation of appropriate invoices containing reasonable detail, reimburse each Company Indemnified Party for all such expenses (including reasonable fees, disbursements and other charges of counsel incurred by the Company Indemnified Party in any action between the Company Indemnifying Party and the Company Indemnified Party or between the Company Indemnified Party and any third party or otherwise) as they are incurred by such Company Indemnified Party; provided, however, that if a Company Indemnified Party is reimbursed hereunder for any expenses, such reimbursement of expenses shall be refunded to the extent it is finally judicially determined that the Losses in question resulted primarily from the willful misconduct or gross negligence of such Company Indemnified Party.

7.2 Indemnification by Purchaser. Except as otherwise provided in this Article 7, each of the Purchasers, severally and not jointly (each a "Purchaser Indemnifying Party"), agrees to indemnify, defend and hold harmless the Company, its officers, directors, agents, employees, subsidiaries and controlling persons (each, a "Purchaser Indemnified Party") to the fullest extent permitted by law from and against any and all Losses resulting from, arising out of or relating to any breach of any representation or warranty of such Purchaser Indemnifying Party set forth in Article 4 hereto; provided, that such Purchaser Indemnifying Party shall not be liable under this Section 7.2 to the Purchaser Indemnified Party to the extent that it is finally judicially determined that such Losses resulted primarily from the material breach by such Purchaser Indemnified Party of any representation, warranty, covenant or other agreement of such Purchaser Indemnified Party contained in this Agreement; and provided, further, that if and to the extent that such indemnification is unenforceable for any reason, such Purchaser Indemnifying Party shall make the maximum contribution to the payment and satisfaction of such Losses which shall be permissible under applicable laws. The aggregate amount of indemnification payments payable by any such Purchaser Indemnifying Party to the Purchaser Indemnified Party shall not exceed the aggregate Purchase Price paid by such Purchaser Indemnifying Party for its Purchased Shares hereunder.

7.3 Seller's Limitation of Liability. Anything in this Agreement to the contrary notwithstanding, the Company Indemnifying Party's maximum liability to any Company Indemnified Parties for indemnification under Section 7.1 (except for Losses resulting from, arising out of or relating to a breach of any of the representations and warranties set forth in Sections 3.1, 3.2, 3.4, 3.7(a) and 3.9) shall not exceed the aggregate Purchase Price paid by such Company Indemnified Party for its Purchased Shares hereunder (or, if such Company Indemnified Party is not a Purchaser, the aggregate Purchase Price paid by the Purchaser whose relationship with such Company Indemnified Party is the reason such Company Indemnified Party is entitled to indemnification hereunder).

7.4 Notification. Each Company Indemnified Party or Purchaser Indemnified Party, as the case may be (for purposes of this Section 7.4, an "Indemnified Party"), under this Article 7 shall, promptly after the receipt of notice of the commencement of any action, investigation, claim or other proceeding against such Indemnified Party in respect of which indemnity may be sought from the Company Indemnifying Party or Purchaser Indemnifying Party, as the case may be (for purposes of this Section 7.4, an "Indemnifying Party") under this Article 7, notify the Indemnifying Party in writing of the commencement thereof. The omission of any Indemnified Party so to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability which it may have to such Indemnified Party (a) other than pursuant to this Article 7 or (b) under this Article 7 unless, and only to the extent that, such Indemnifying Party has been prejudiced thereby. In case any such action, claim or other proceeding shall be brought against any Indemnified Party, and it shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to assume the defense thereof at its own expense, with counsel satisfactory to such Indem nified Party in its reasonable judgment; provided, however, that any Indemnified Party may, at its own expense, retain separate counsel to participate in such defense at its own expense. Notwithstanding the foregoing, in any action, claim or proceeding in which both the Indemnifying Party, on the one hand, and an Indemnified Party, on the other hand, are, or are reasonably likely to become, a party, such Indemnified Party shall have the right to employ separate counsel at the expense of the Indemnifying Party and to control its own defense of such action, claim or proceeding if, in the reasonable opinion of counsel to such Indemnified Party, a conflict or potential conflict exists between the Indemnifying Party, on the one hand, and such Indemnified Party, on the other hand, that would make such separate representation advisable; provided, however, that the Indemnifying Party shall not be liable for the fees and expenses of more than one counsel to all Indemnified Parties. The Indemnifying Party agrees that it will not, without the prior written consent of the Purchaser, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated hereby (if any Indemnified Party is a party thereto or has been actually threatened to be made a

party thereto) unless such settlement, compromise or consent includes an unconditional release of the Purchaser and each other Indemnified Party from all liability arising or that may arise out of such claim, action or proceeding. The Indemnifying Party shall not be liable for any settlement of any claim, action or proceeding effected against an Indemnified Party without the Indemnifying Party's written consent, which consent shall not be unreasonably withheld.

7.5 Exclusivity of Remedies. The indemnities provided in this Article 7 shall be the exclusive remedy for breach of this Agreement by any party hereto other than equitable remedies, including in the form of injunctions and orders for specific performance.

ARTICLE 8

AFFIRMATIVE COVENANTS

Until the effective date of the Initial Public Offering, or earlier, as applicable, the Company hereby covenants and agrees with each of the Purchasers as follows:

8.1 Preservation of Existence. The Company shall use its reasonable commercial efforts to:

(a) preserve and maintain in full force and effect its existence and good standing under the laws of its jurisdiction of formation or organization;

(b) preserve and maintain in full force and effect all material rights, privileges, qualifications, applications, licenses and franchises necessary in the normal conduct of its business;

(c) preserve its business organization; and

(d) file or cause to be filed in a timely manner all reports, applications, estimates and licenses that shall be required by a Governmental Authority and that, if not timely filed, would be reasonably expected to have a material adverse effect on the Condition of the Company.

8.2 PriceLine Travel Reorganization. The Company shall cause PriceLine Travel by the Subsidiary Date to either (a) become a wholly owned Subsidiary of the Company, (b) merge or consolidate with or into the Company, or (c) transfer all of its assets to the Company, for nominal consideration.

8.3 Financial Statements and Other Information. The Company shall deliver to each of the Purchasers, in form and substance satisfactory to the Purchaser:

(a) as soon as available, but not later than ninety (90) days after the end of each fiscal year of the Company, a copy of the audited balance sheet of the Company as of the end of such fiscal year and the related statements of operations and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous year, all in reasonable detail and accompanied by a management summary and analysis of the operations of the Company for such fiscal year accompanied by the report of a nationally recognized independent certified public accounting firm, which report shall state that such financial statements present fairly the financial condition as of such date and results of operations and cash flows for the periods indicated in conformity with GAAP applied on a consistent basis;

(b) commencing with the fiscal period ending on March 31, 1999, as soon as available, but in any event not later than forty-five (45) days after the end of each of the first three fiscal quarters of each fiscal year, the unaudited balance sheet of the Company, and the related statements of operations and cash flows for such quarter and for the period commencing on the first day of the fiscal year and ending on the last day of such quarter, all certified by an appropriate officer of the Company as presenting fairly the financial condition as of such date and results of operations and cash flows for the periods indicated in conformity with GAAP applied on a consistent basis, subject to normal year-end adjustments, the absence of a management's discussion and analysis of financial condition section and the absence of footnotes required by GAAP; and

(c) notwithstanding anything to the contrary set forth herein, both before and after the effective date of the Initial Public Offering as promptly as practicable, but not later than five (5) days after a request by such Purchaser, a certificate signed by the Chief Executive Officer of the Company that the Company is not a "foreign person" within the meaning of Section 1445 of the Code.

8.4 Annual Budget. Not less than forty-five (45) days prior to the end of each fiscal year, the Company shall prepare and submit to its Board of Directors for its approval an operating budget of the Company for the next fiscal year.

8.5 Reservation of Common Stock. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issue or delivery upon conversion of the Purchased Shares as provided in the Certificate of Incorporation, the maximum number of shares of Common Stock that may be issuable or deliverable upon such conversion. Such shares of Common Stock are duly authorized and, when issued or delivered in accordance with the Certificate of

Incorporation and against payment therefor, shall be validly issued, fully paid and non-assessable. The Company shall issue such shares of Common Stock in accordance with the terms of the Certificate of Incorporation and otherwise comply with the terms hereof and thereof.

8.6 Insurance. The Company shall use reasonable best efforts to maintain insurance with insurance companies or associations with a rating of "A" or better as established by Best's Rating Guide (or an equivalent rating with such other publication of a similar nature as shall be in current use) in such amounts and covering such risks as are usually and customarily carried with respect to similar businesses according to their respective locations.

8.7 Books and Records. The Company shall keep proper books of record and account, in accordance with GAAP consistently applied.

8.8 Back-Ups of Computer Software. The Company shall make backups of all material computer software programs and databases and shall maintain such software programs and databases at a secure off-site location.

8.9 Confidentiality. Each of the Purchasers shall hold, and shall cause its Affiliates and any of their respective representatives to hold, all documents, materials and other information they receive or have received regarding the Company in strict confidence, except (i) as required by law, (ii) to the extent such information is or has previously been publically available other than as a result of any action or non-action by Purchaser, its Affiliates or any of their respective representatives, (iii) to the extent such information was not acquired or obtained from the Company or any of its representatives or (iv) to the extent necessary to enforce its rights under the Transaction Documents in a legal proceeding before any Governmental Authority.

ARTICLE 9

MISCELLANEOUS

9.1 Survival of Representations and Warranties. All of the repre sentations and warranties made herein shall survive the execution and delivery of this Agreement, any investigation by or on behalf of any of the Purchasers or acceptance of the Purchased Shares, until 60 days after receipt by the Purchasers of the Company's audited financial statements for the fiscal year ended December 31, 1999, and at the end of such period, such representations and warranties and related indemnification rights and obligations with respect thereto shall expire; provided, however, that the representations and warranties set forth in Sections 3.1, 3.2, 3.4, 3.7(a) and 3.9 shall

survive without any expiration and Section 3.12 shall survive until the expiration of the applicable statute of limitations.

9.2 Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first-class mail, return receipt requested, telecopier, courier service or personal delivery:

(a) if to the Company, to:

priceline.com Incorporated
4 High Ridge Park
Stamford, CT 06905
Telecopy: (203) 595-8344
Attention: Mr. Paul E. Francis
Melissa M. Taub, Esq.

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
Wilmington, DE 19801
Telecopy: (302) 651-3001
Attention: Patricia Moran Chuff, Esq.

(b) if to any of the Purchasers, to the address or telecopy number set forth opposite such Purchaser's name on the signature page hereto.

All such notices and communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier, if deliv ered by commercial courier service; five (5) Business Days after being deposited in the mail, postage prepaid, if mailed; and when receipt is mechanically acknowledged, if telecopied.

9.3 Successors and Assigns; Third-Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto. Subject to applicable securities laws, each Purchaser may assign any of its rights under any of the Transaction Documents to any of its Affiliates. The Company may not assign any of its rights under this Agreement without the written consent of the Purchasers. Except as provided in Article 7, no Person other than the parties hereto and their successors and permitted assigns is intended to be a beneficiary of this Agreement.

9.4 Amendment and Waiver.

(a) No failure or delay on the part of the Company, or any Purchaser in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Company and any of the Purchasers at law, in equity or otherwise.

(b) Any amendment, supplement or modification of or to any provision of this Agreement, any waiver of any provision of this Agreement, and any consent to any departure by the Company or any of the Purchasers from the terms of any provision of this Agreement, shall be effective only if it is made or given in writing and signed by the Company and the Purchasers.

9.5 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so exe cuted shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

9.6 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

9.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the principles of conflicts of law of any jurisdiction.

9.8 Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof.

9.9 Entire Agreement. This Agreement, together with the exhibits and schedules hereto and the other Transaction Documents, is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein or therein.

This Agreement, together with the exhibits and schedules hereto and the other Transaction Documents, supersedes all prior agreements and understandings between the parties with respect to such subject matter.

9.10 Publicity. Except as may be required by any applicable Requirement of Law, none of the parties hereto shall issue a publicity release or public announcement or otherwise make any disclosure concerning this Agreement or the tran sactions contemplated hereby, without prior approval by the other parties hereto (which approval shall not be unreasonably withheld); provided, however, that nothing in this Agreement shall restrict any of the Purchasers from disclosing information (a) that is already publicly available and (b) to its attorneys, accountants, consultants and other advisors to the extent necessary to obtain their services in connection with such Purchaser's investment in the Company. After the Closing, General Atlantic Partners, LLC may disclose on its worldwide web page, www.gapartners.com, the name of the Company, its address, the identity of the Company's Chief Executive Officer, a description of the Company's business and the aggregate amount invested by its Affiliates in the Company. If any announcement is required by law to be made by any party hereto concerning this Agreement or the transactions contemplated hereby, prior to making such announcement such party will deliver a draft of such announcement to the other parties and shall give the other parties an opportunity to comment thereon.

9.11 Further Assurances. Each of the parties shall execute such documents and perform such further acts (including, without limitation, obtaining any consents, exemptions, authorizations or other actions by, or giving any notices to, or making any filings with, any Governmental Authority or any other Person, and otherwise fulfilling, or causing the fulfillment of, the conditions to Closing set forth in Articles 5 and 6) as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement and to consummate and make effective as promptly as possible the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this STOCK PURCHASE AGREEMENT to be executed and delivered by their respective officers hereunto duly authorized on the date first above written.

PRICELINE.COM INCORPORATED

By:

Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this STOCK PURCHASE AGREEMENT to be executed and delivered by their respective officers hereunto duly authorized on the date first above written.

VULCAN VENTURES INCORPORATED

Notice

By: ----------

Name:

Title:

Vulcan Ventures Incorporated
110 110th Avenue NE
Bellevue, WA 98004-5840
Telecopy: (425) 453-1985
Attention: William D. Savoy

IN WITNESS WHEREOF, the parties hereto have caused this STOCK PURCHASE AGREEMENT to be executed and delivered by their respective officers hereunto duly authorized on the date first above written.

LIBERTY PL, INC.

By: ----------
Name:
Title:

Notice

Liberty PL, Inc.
c/o Liberty Media Corporation
8101 East Prentice Ave.
Suite 500
Englewood, CO 80111
Telecopy: (303) 721-5434
Attention: Robert R. Bennett
Charles Y. Tanabe, Esq.

IN WITNESS WHEREOF, the parties hereto have caused this STOCK PURCHASE AGREEMENT to be executed and delivered by their respective officers hereunto duly authorized on the date first above written.

GAP COINVESTMENT PARTNERS, L.P.

Notice

By:

Name:
Title:

GAP Coinvestment Partners, L.P.
c/o General Atlantic Service
Corporation
3 Pickwick Plaza
Greenwich, CT 06830
Telecopy: (203) 622-4098
Attention: William E. Ford
David A. Rosenstein

GENERAL ATLANTIC PARTNERS 50, L.P.

By: GENERAL ATLANTIC PARTNERS, LLC
its General Partner

Notice

By:

Name:
Title:

General Atlantic Partners 50, L.P.
c/o General Atlantic Service
Corporation
3 Pickwick Plaza
Greenwich, CT 06830
Telecopy: (203) 622-4098
Attention: William E. Ford
David A. Rosenstein

IN WITNESS WHEREOF, the parties hereto have caused this STOCK PURCHASE AGREEMENT to be executed and delivered by their respective officers hereunto duly authorized on the date first above written.

QUANTUM INDUSTRIAL PARTNERS LDC

Notice

By: ----------
Name:
Title:

Quantum Industrial Partners LDC
c/o Curacao International Trust Company N.v.
Kaya Flamboyan 9
Curacao, Netherlands Antilles

SFM DOMESTIC INVESTMENTS LLC

Notice

By: ----------
Name:
Title:

SFM Domestic Investments LLC
888 Seventh Avenue, 33rd Floor
New York, NY 10106
Telecopy: (212) 664-05442642

IN WITNESS WHEREOF, the parties hereto have caused this STOCK PURCHASE AGREEMENT to be executed and delivered by their respective officers hereunto duly authorized on the date first above written.

INTERNET INVESTORS I, L.L.C.

By:

Name:
Title:

Notice

Internet Investors I, L.L.C.
c/o Starwood Capital Group
Three Pickwick Plaza
Suite 250
Greenwich, CT 06830
Attention: Jonathan D. Eilian

IN WITNESS WHEREOF, the parties hereto have caused this STOCK PURCHASE AGREEMENT to be executed and delivered by their respective officers hereunto duly authorized on the date first above written.

Notice

James Manzi

Jim Manzi
150 Yarmouth Road
Brookline, MA 02147
Telecopy:

IN WITNESS WHEREOF, the parties hereto have caused this STOCK PURCHASE AGREEMENT to be executed and delivered by their respective officers hereunto duly authorized on the date first above written.

Notice

William D. Savoy

William D. Savoy
677 120th Avenue NE
Suite 184
Bellevue, WA 98005
Telecopy: (425) 456-0453

IN WITNESS WHEREOF, the parties hereto have caused this STOCK PURCHASE AGREEMENT to be executed and delivered by their respective officers hereunto duly authorized on the date first above written.

ALLEN & COMPANY INCORPORATED

By: ----------
Name:
Title:

Notice

Kim M. Wieland
Managing Director and
Chief Financial Officer
Allen & Company
711 Fifth Avenue
New York, NY 10022
Telecopy: (212) 339-2642

Exhibit 10.9

AIRLINE PARTICIPATION AGREEMENT

THIS AGREEMENT (this "AGREEMENT"), dated April __, 1998, is by and among priceline.com LLC, a Delaware limited liability company with an address at 5 High Ridge Park, Stamford, Connecticut 06905 ("PRICELINE.COM LLC"), PriceLine Travel, Inc., a Delaware corporation with an address at 5 High Ridge Park, Stamford, Connecticut 06905 ("PRICELINE TRAVEL" and, together with priceline.com LLC, being collectively referred to herein as "PRICELINE"), and Trans World Airlines, Inc., a Delaware corporation having a principal place of business at One City Centre, 515 North 6th Street, St. Louis, Missouri 63101 (the "AIRLINE").

PRELIMINARY STATEMENT:

PriceLine provides an electronic service via the internet that allows consumers to purchase airline tickets at an offer price determined by the consumer (the "PRICELINE SERVICE"). The consumer identifies the departure and return dates for travel and the price the consumer is willing to pay for the fare. PriceLine then determines if appropriate seats are available. If appropriate seats are available, PriceLine Travel will issue a ticket on the applicable carrier.

The Airline desires to participate in the PriceLine Service and, in connection therewith, will provide access to the Airline's inventory at pricing for the origin and destination pairs (each, an "O&D") identified by the Airline in accordance with the terms and conditions set forth in this Agreement.

PriceLine desires to include the Airline as a participating carrier in the PriceLine Service and to have access to such inventory in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements set forth in this Agreement, the parties agree as follows:

I. TERMS AND CONDITIONS RELATING TO AIRLINE TICKETS

1. The Airline shall make available to PriceLine inventory at pricing for O&Ds identified by the Airline (a "PriceLine Fare") in accordance with the terms and conditions set forth in this Agreement. It is expressly understood and agreed that the Airline makes no commitment, whatsoever, regarding the number of such O&Ds or the level of specific pricing except that such will be communicated by the Airline to PriceLine under the procedures

identified in ATTACHMENT A, "PriceLine Availability, Pricing & Ticketing Procedures", annexed hereto and made a part hereof.

2. The Airline acknowledges and agrees that all tickets issued by PriceLine on behalf of the Airline as contemplated by this Agreement (each, a "PRICELINE TICKET") shall be subject to the following restrictions:

(a) All PriceLine Tickets will be non-refundable, non-endorsable and non-changeable, except as otherwise required and/or authorized by the Airline under Paragraph I.5 below;

(b) All travel will be round-trip with no stopovers or open-jaw travel permitted; and

(c) Frequent Flyer mileage and upgrades will not be permitted.

The above restrictions will be communicated by PriceLine to the consumer via the internet and will be set forth on ticketing and/or itinerary documentation issued by PriceLine Travel.

3. All tickets issued under the terms of this Agreement will be issued by PriceLine Travel (Agency ARC: 07-50854-6). PriceLine Travel will act as the agent of the Airline pursuant to the Airlines Reporting Corporation Industry Agents Handbook and Supplements, as established and in effect from time to time by the Airline Reporting Corporation ("ARC"), and the TWA Supplemental ARC Agency Reporting Agreement thereto (collectively, the "ARC DOCUMENTS"). The Airline will provide PriceLine Travel with a copy of the TWA Supplemental ARC Agency Reporting Agreement concurrently with PriceLine Travel's execution of this Agreement. In addition, priceline.com LLC will act as the agent of the Airline in the performance of its obligations as contemplated by this Agreement.

4. PriceLine Travel will issue tickets on the routes of the Airline (but not on Trans World Express) and will be subject to the ticketing, availability rules, conditions of carriage and fare rules as identified and communicated per the procedures identified on ATTACHMENT A. PriceLine will determine the price at which tickets are sold based on offers received under the PriceLine Service. PriceLine will remit to the Airline, using standard ARC reporting procedures, the Airline's fares, fees and associated taxes for tickets issued by PriceLine on the routes of the Airline. The Airline will audit all tickets issued by PriceLine on the routes of the Airline and establish debit memos as appropriate. All audits conducted by the Airline will be in compliance

with the ARC Documents but the Airline is not precluded from applying any other audit policies or practices.

5. The Airline will provide transportation for PriceLine customers in accordance with its general conditions for carriage except as noted in Paragraph I.2 above and any special handling procedures as noted in ATTACHMENT B, "Special Handling Procedures", annexed hereto and made a part hereof.

   PriceLine will provide customers with access to a telephone service center that will respond to any consumer questions and issues pertaining to special handling requirements for PriceLine Tickets including processing any customer handling requirements as identified and authorized by the Airline in ATTACHMENT B HERETO.

6. All inquiries (including, without limitation, requests for PriceLine Ticket refunds and credit card charges), received by the Airline from actual or potential purchasers of PriceLine Tickets will be referred to PriceLine's designated customer service representatives for resolution. The Airline and PriceLine agree to mutually resolve customer issues that remain if PriceLine is unable to conclude the matter.

II. CONFIDENTIALITY AND RELATED MATTERS

1. PriceLine and the Airline will each hold in confidence and, without the prior written consent of the other, will not reproduce, distribute, transmit, transfer or disclose, directly or indirectly, in any form, by any means or for any purpose, any Confidential Information of the other. As used herein, the term "CONFIDENTIAL INFORMATION" shall mean this Agreement and its subject matter, and information that is provided to or obtained from one party to the other party and that is valuable to the disclosing party, and particularly any information which derives economic value, actual or potential, from not being generally known to, and not generally ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. The recipient of Confidential Information may only disclose such information to its employees on a need-to-know basis and as necessary for the performance of the recipient's obligations under this Agreement. The obligations of a recipient party with respect to Confidential Information shall remain in effect during and after the term of this Agreement (including any renewals or extensions hereof) except to the extent necessary to comply with applicable law or the order or other legal process of any court, governmental or similar authority having jurisdiction over the recipient.

2. The recipient of Confidential Information will exercise reasonable commercial care in protecting the confidentiality of the other party's Confidential Information.

3. PriceLine will not identify the Airline's participation in any specific O&D until a customer is booked and confirmed for ticketing. Further, PriceLine will not, in any media, indicate that the Airline is participating or has participated in any specific O&D except to indicate that a PriceLine customer must accept a routing on one of the major full service airlines or, in the case of international travel on one of the major international airlines, available through the PriceLine Service. The Airline may be identified, as appropriate, in such case and for definitional purposes, as one of the major U.S. full service airlines or major international airlines.

III. REPORTING

1. PriceLine will provide the Airline with MIS reports, as developed and available, providing (i) access to information concerning each ticket issued by PriceLine Travel on the Airline; (ii) aggregate information (i.e. non airline specific) for all tickets issued by PriceLine Travel in each O&D that the Airline participates in by providing a PriceLine Fare; and (iii) aggregate information for all PriceLine offers not ticketed in each O&D that the Airline participates in by providing a PriceLine Fare. PriceLine will use reasonable commercial efforts to provide the Airline, not later than ninety (90) days after public launch of the PriceLine Service, with secured Intranet access to the information described in this Paragraph III.1 through a PriceLine Intranet site for Airline queries. PriceLine will provide the Airline a user identification number and password for this purpose.

2. PriceLine will provide to the Airline the methodology for selecting a carrier in processing customer offers and the supporting application source code. This methodology may be modified or adjusted from time to time by PriceLine. PriceLine will use its best efforts to provide, in writing, any modifications or adjustments to the methodology then in effect within 5 (five) business days of any such modification or adjustment.

3. PriceLine will provide to the Airline an annual statement by PriceLine's independent accounting firm or other qualified third-party concerning PriceLine's compliance with all reporting and processing procedures in effect from time to time.

IV. TERM OF AGREEMENT

1. This Agreement will commence on the date set forth on the first page of this Agreement and may be terminated by the Airline or PriceLine upon thirty (30) days prior written notice to the other party. The obligations of the parties under Paragraphs II and V of this Agreement shall indefinitely survive the expiration or termination of this Agreement.

2. In the event of written notice of termination of this Agreement in accordance with the terms of Paragraph IV.1 above, all PriceLine Tickets issued prior to the effective date of termination specified in such notice will be accepted by the Airline under the terms of this Agreement.

V. INDEMNIFICATION

1. PriceLine Travel and priceline.com LLC will jointly and severally indemnify, defend and hold harmless the Airline, its officers, directors, employees and agents, from and against all damages, losses and causes of action including, without limitation, damage to property or bodily injury, to the extent caused by priceline.com LLC's or PriceLine Travel's breach of this Agreement or by the negligence or willful acts of such party or any of their respective employees.

2. The Airline will indemnify, defend and hold harmless PriceLine, its officers, directors, employees and agents from and against all damages, losses and causes of action including, without limitation, damage to property or bodily injury, to the extent caused by the Airline's breach of this Agreement or by the negligence or willful acts of the Airline or any of its employees.

VI. MILLENNIA CAPABILITY; PRICELINE SYSTEM

1. PriceLine hereby warrants to the Airline that its electronic systems and related software are Millennia Capable; provided, however, that such warranty shall not extend to the systems and related software owned or controlled by a third party vendor. For purposes of this Agreement, Millennia Capable shall mean the ability and capability to avoid errors in processing arising from dates occurring on and after the year 2000 (including such errors as may occur on, before and after the year 2000). The Airline acknowledges and agrees that the performance of PriceLine's obligations hereunder may be adversely affected in the event that problems relating to the systems, software or processes of third party vendors utilized

by PriceLine are not Millennia Capable. In such case, PriceLine will not have any liability hereunder, or any obligation to correct or otherwise rectify such problems. Further, the existence of such problems, if any, will not constitute a breach of PriceLine's obligations under this Agreement.

2. PriceLine will use reasonable commercial efforts to ensure that all data, software and related systems necessary for the operation of the PriceLine Service are adequately maintained and are accessible at all times relevant to this Agreement. All data, software and related systems necessary for the operation of the PriceLine Service are fully redundant, are updated for security purposes and are firewall protected.

VII. GENERAL PROVISIONS

1. No waiver or breach of any of the provisions of this Agreement shall be construed as a waiver of any succeeding breach of the same or any other provision.

2. If any paragraph, sentence or clause of this Agreement shall be adjudged illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of this Agreement as a whole or of any paragraph, sentence or clause hereof not so adjudged.

3. Any notice required or permitted hereunder shall be deemed sufficient if given in writing and delivered personally, by facsimile transmission, by reputable overnight courier service or United States mail, postage prepaid, to the addresses shown below or to such other addresses as are specified by similar notice, and shall be deemed received upon personal delivery, upon confirmed facsimile receipt, two (2) days following deposit with such courier service, or three (3) days from deposit in the United States mail, in each case as herein provided:

If to PriceLine Travel or to priceline.com LLC:	If to the Airline:
Priceline.com LLC 5 High Ridge Park Stamford, CT 06905	Trans World Airlines, Inc. One City Centre 515 North 6th Street St. Louis, Missouri 63101
Attention: Timothy Brier Phone: 203-705-3087 Fax: 203-595-8343	Attention: Joseph R. Vilmain Phone:_____ Fax:_____

A party may change its address and the name of its designated recipient of copies of notices for purposes of this Agreement by giving the other parties written notice of the new name and the address, phone and facsimile number of its designated recipient in accordance with this Paragraph VI.3.

4. This Agreement and the Attachments hereto, together with the ARC Documents, supersede and replace all previous understandings or agreements, whether oral or written, with respect to the subject matter hereof. In the event that any provision or provisions of the ARC Documents are contrary to or inconsistent with any term or provision of this Agreement or any Attachment hereto, the terms of this Agreement or such Attachment shall control.

5. This Agreement may be amended or modified only by a written amendment executed by each of the parties.

6. The formation, construction, performance and validity of this Agreement shall be governed by the internal laws of the State of New York.

7. This Agreement may be executed in counterparts, each of which shall be deemed an original, and together, shall constitute one and the same instrument.

8. No party will in any manner or by any device, either directly or indirectly, act in violation of any applicable law, governmental order or regulation including the provisions of the Airline's tariffs (except where such tariffs are specifically amended by Airline, under the terms of this Agreement) and PriceLine Travel's appointment or provision for the conduct of business as established by ARC.

9. PriceLine agrees to notify the Airline promptly, in writing, in the event there is a change of control in the ownership of PriceLine Travel or priceline.com LLC.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the date indicated above.

PRICELINE TRAVEL, INC.	TRANS WORLD AIRLINES, INC.
- ----------	----------
By: Timothy Brier, President	By: Joseph R. Vilmain, Vice President Sales and Reservations

PRICELINE.COM LLC

- ----------
By: Timothy Brier, Executive Vice President

ATTACHMENT A

PRICELINE AVAILABILITY, PRICING & TICKETING PROCEDURES

1. The Airline will provide PriceLine with access to the Airline's seat inventory in accordance with specific fares and rules, filed by the Airline directly into its designated CRS, for use by PriceLine in the sale of airline tickets in accordance with the terms and conditions of this Agreement. All PriceLine Fares filed by the Airline into its designated CRS for use by PriceLine as herein provided will be deemed fully guaranteed by the Airline.

2. The PriceLine Fares that are filed by the Airline for use by PriceLine are fares that are not commissionable and domestic PriceLine Fares are inclusive of the then applicable U.S. transportation tax, if applicable.

(a) All PriceLine Fares are exclusive of any domestic federal segment taxes, and any domestic or international fuel, departure, arrival, passenger facility, airport, terminal and/or security taxes, fees or surcharges which, when applicable, must be added to the fare collected from the passenger and shown on the PriceLine Ticket.

3. PriceLine Tickets will be issued on standard ARC traffic documents and will be validated with the Airline's validation. The passenger and flight coupon will show "bulk" for the fare and will include all additional collections as noted in Paragraph 2 of this Attachment A. The auditor's coupon will show the fare as authorized by the Airline plus applicable taxes, fees and surcharges. PriceLine Travel will be the merchant of record and all tickets and payments will be settled between PriceLine and the Airline through ARC as a cash sale unless otherwise authorized by the Airline.

(a) Promptly following the launch date of the PriceLine Service, PriceLine will provide the Airline with either a performance bond or an irrevocable letter of credit in the amount of $50,000. Such bond or letter of credit shall be in a form reasonably acceptable to the Airline, payable to the Airline on demand, and valid until all of PriceLine's payment obligations in respect of PriceLine Tickets sold have been fulfilled. Any letter of credit shall be drawn upon a bank reasonably acceptable to the Airline in U.S. dollars, with a U.S. branch presentable in a city in the United States currently served by the Airline. The Airline may draw upon such letter of credit to cover any failure of PriceLine to pay monies owed to the Airline with respect to the purchase and sale of PriceLine Tickets. PriceLine agrees to allow monthly reviews (at the end of each month during the term of this Agreement) of PriceLine Ticket sales on the Airline and, based on the dollar

amount of such PriceLine Tickets sales, the Airline may request that such $50,000 performance bond or irrevocable letter of credit, as applicable, be increased by a reasonable amount not to exceed the average dollar value of sales for the subject period, multiplied by two.

Until provision of the performance bond or irrevocable letter of credit, PriceLine shall deposit with the Airline the amount of $50,000 to secure its payment obligations under this Agreement. Such deposit will be returned to PriceLine by wire transfer of immediately available funds to the account designated by PriceLine upon the Airline's receipt of such performance bond or irrevocable letter of credit.

4. (b) The Airline shall maintain and communicate any changes in fares and/or rules to be used by PriceLine. The most current fares and rules may be accessed by PriceLine as authorized by the Airline through the designated CRS entries provided by the Airline, which entries shall include the fare and rules display designated from time to time by the Airline. The Airline will honor all PriceLine Tickets properly issued before the Airline has communicated any change in fares and/or rules.

5. Examples of the type of fares and rules, as provided by the Airline, are included as ATTACHMENT A-1, annexed hereto and made a part hereof. Such attachment is for example only; only the current authorized fares and rules may be used.

ATTACHMENT A-1

EXAMPLE OF FARES AND RULES

We will attach an example of a summary sheet of fares and rules that the Airline provides PriceLine for sample purposes only.

ATTACHMENT B

SPECIAL HANDLING PROCEDURES

1. PriceLine Tickets issued on the Airline are subject to the published conditions of carriage and rules of the Airline except as specifically identified in this Agreement. Specifically, PriceLine will market the PriceLine Service with the following restrictions:

(a) PriceLine Tickets will be non-refundable, non-endorseable and non-changeable;

(b) All travel will be round-trip with no stopovers or open-jaw travel permitted; and

(c) Frequent Flyer mileage and upgrades will not be permitted.

2. Notwithstanding the product definition that PriceLine markets to consumers, the Airline authorizes that its published conditions of carriage, rules and restrictions apply for the following (Check applicable boxes):

(a)	Frequent Flyer Mileage	/ /
(b)	Involuntary Rerouting	/ /
(c)	Missed Flight provisions	/ /
(d)	Death or Illness provisions	/ /
(e)	Lost or stolen tickets	/ /
(f)	Other (Identify)	/ /

In the event that the Airline chooses to honor frequent flyer mileage and/or seat upgrades, the Airline will be solely responsible for any tracking and documentation resulting therefrom.

3. PriceLine Tickets are non-refundable and non-changeable. PriceLine and the Airline will handle any customer service issues regarding requests for refunds or changes. On the basis that the Airline wishes to authorize refunds or changes on a case-by-case basis, the Airline will interface with PriceLine's designated customer service representatives and communicate the Airline's intent to refund or change specific PriceLine Ticket. In such cases, the applicable add-collect and any Airline specific change fee will apply. In all cases, PriceLine Tickets that the Airline wishes to refund or change will be forwarded to PriceLine and refunds or changes will be processed through standard merchant procedures as outlined in the Industry Agents Handbook, Section 80, subsection X and Section 6.

WORLDSPAN SYSTEM ACCESS AGREEMENT

THIS System Access Agreement ("Agreement") is made this 4th day of August, 1997, between WORLDSPAN, L.P., having its principal place of business at 300 Galleria Parkway, N.W., Suite 2100, Atlanta, Georgia, 30339 ("WORLDSPAN"), and Priceline, L.L.C. having its principal place of business at Five High Ridge Park, Stamford, CT, 06905 ("Developer").

WHEREAS, WORLDSPAN provides and markets computerized reservation services and has developed and offers a computerized system which provides reservations, ticketing, and other services for air transportation and other businesses (the "System"); and

WHEREAS, Developer desires to gain access to the System for the purposes of developing and testing proposed software program(s) to be used in connection with the System (the "Program") and WORLDSPAN is willing to make access to the System available to Developer according to the terms of this Agreement.

NOW, THEREFORE, IT IS AGREED;

1. Term.

This Agreement shall become effective upon the date first written above and will continue until terminated by either party at any time thereafter upon not less than thirty (30) days prior written notice to the other, or until otherwise terminated pursuant to this Agreement.

2. Access to System and Use of Data.

(a) WORLDSPAN hereby grants to Developer access to the System through an interchange address and one or more terminal addresses identified on Schedule A of this Agreement and Developer accepts such access, all according to the terms set forth herein. Developer agrees to pay to WORLDSPAN the fees and other charges pursuant to this Agreement, including but not limited to, those included on Schedule A.

(b) Developer agrees that the System will be used solely for the purposes and functions contemplated by this Agreement. Developer agrees that it will limit its access to development and testing of the Product and for no other purpose. Improper use shall include, but is not limited to, generation of message activity with the System of such speed or volume that may lead to malfunctions or degradation of System performance. In the event that during the term of this Agreement Developer is provided access to the System as a travel agent subscriber for the purpose of performing reservations and ticketing functions. Developer acknowledges that access is provided hereunder solely for the purposes set forth herein. Developer further acknowledges that the ability to access the System as a travel agent subscriber does not entitle Developer to perform its travel agent functions with the access provided hereunder, nor may Developer access the System pursuant to its Subscriber Agreement as a travel agent, or provide any third party with any service for the uses contemplated herein.

(c) Developer shall not copy, publish, disclose or otherwise make available any compilations of air carrier service, data or any other information obtained from WORLDSPAN to anyone in any form; provided, however, that the foregoing shall not be construed to prevent Developer from preparing and distributing to its customers reports normally generated through the use of Developer's system. Improper use of the System shall include, but is not limited to, speculative booking or reservation of space in anticipation of demand or improper creation or modification of records. WORLDSPAN reserves the right to inhibit Developer's access to the System for system maintenance or repairs or for any other reason at WORLDSPAN's discretion.

(e) Within thirty (30) days after the commencement of this Agreement, Developer agrees to provide WORLDSPAN, in writing, with a list of all of Developer's customers where any product, software or device provided by Developer is being used in conjunction with the System. This list shall be updated

every six (6) months or as otherwise reasonably requested by WORLDSPAN. Nothing herein shall be construed to require Developer to provide services to any customer, but Developer agrees to abide by all the terms of this Agreement regarding provision of such services in the event that it elects to so provide them.

2. Equipment Lease -- Repairs.

(a) WORLDSPAN leases to Developer, and Developer leases from WORLDSPAN, the equipment (including hardware, peripherals, software and technical specifications, configurations or addresses), if any, described on Schedule A (collectively the "Equipment") at the fee set forth thereon. WORLDSPAN shall retain title to and ownership of the Equipment, and the same shall be returned to WORLDSPAN, shipping prepaid, at the termination of this Agreement in the same condition as provided to Developer, normal wear and tear excepted. Developer agrees to use the Equipment for the purposes of this Agreement only at Developer's location identified above.

(b) WORLDSPAN will install the Equipment at Developer's location, following Developer's preparation of the installation area at Developer's expense. Developer shall be solely responsible for establishing electricity for the Equipment, installing cables, and such other matters as are necessary to prepare the area for installation consistent with applicable laws, regulations, building codes and any real property lease(s) of Developer. Developer will not move or modify the Equipment without the prior written consent of WORLDSPAN.

(c) WORLDSPAN or its service representative will provide repair services for the Equipment during WORLDSPAN'S normal repair service hours, which are 8:30 a.m. through 5:00 p.m. local time, Monday through Friday, excluding WORLDSPAN holidays. WORLDSPAN shall not pay for repair services if the Equipment malfunction is caused by negligence, misuse, accident, fire, variation or interruption of electricity, or any attempt to service the Equipment other than by WORLDSPAN'S service representative (including the addition or removal of any third party hardware, peripherals or software).

(d) Developer shall take all necessary precautions to protect the System.

4. Installation.

Within sixty (60) days following the execution of this Agreement, or as soon thereafter as reasonably possible, WORLDSPAN shall cause the System to be available at the Developer location identified above according to this Agreement. Developer shall be solely responsible for procuring and paying for the cost of the installation and maintenance of any personal computer, other equipment and software necessary to enable Developer to access to the System contemplated herein.

5. Disclaimer of Warranties

(a) WORLDSPAN DISCLAIMS AND DEVELOPER HEREBY WAIVES ALL WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USE, ANY WARRANTY OF COMPATIBILITY BETWEEN THE SYSTEM, EQUIPMENT, SOFTWARE OR DATA PROVIDED BY WORLDSPAN AND CUSTOMER OWNED EQUIPMENT OR SOFTWARE, OR ANY LIABILITY IN NEGLIGENCE, TORT, STRICT LIABILITY OR OTHERWISE, WITH RESPECT TO THE SYSTEM, EQUIPMENT, SOFTWARE, DATA OR SERVICES FURNISHED HEREUNDER, DEVELOPER AGREES THAT WORLDSPAN SHALL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES UNDER ANY CIRCUMSTANCES, INCLUDING, BUT NOT LIMITED TO, LOSS OF REVENUES, EVEN IF ADVISED OF THE RISK OF SUCH DAMAGES IN ADVANCE.

(b) WORLDSPAN shall not be liable to Developer nor deemed to be in default of this Agreement, on account of any delays, errors, malfunctions, compatibility problems or breakdowns with respect to the System, Equipment, data or services provided hereunder, unless such delay, error,

malfunction or breakdown results solely from the gross negligence or willful misconduct of WORLDSPAN.

(c) Developer acknowledges that the installation or use of the Program or the Developer's communications hardware (including peripherals) or software may result in loss of or damage to Developer's hardware, software or data. Developer agrees to take all reasonable precautions to prevent such loss and damage, including copying data prior to installation and other reasonable and customary measures, and adherence to manufacturer's instructions. Developer further agrees to release and hold WORLDSPAN and its past and present directors, affiliates, partners, officers, employees, agents and contractors harmless from and against any losses, damages, liabilities, suits or fines caused by or arising from the installation or use of the Program or the communications hardware (including peripherals) or any other similar hardware or software utilized to permit access to the System.

6. Indemnification.

(a) Each party shall indemnify, defend and hold harmless the other party, its past and present directors, affiliates, partners, officers, employees and agents, from and against all liabilities, damages and expenses, and claims for damages, suits, proceedings, recoveries, judgments or executions (including but not limited to litigation costs, expenses, and reasonable attorneys' fees) arising out of or in connection with any claim that the use of the indemnifying party's system or data (including, without limitation, hardware, software, peripherals, technical specifications, configurations or addresses) by the other party infringes any third party patent, copyright, trademark or other property right.

(b) Each party shall indemnify, defend and hold harmless the other party, its past and present directors, affiliates, partners, officers, employees and agents from and against all liabilities, damages and expenses, claims for damages, suits, proceedings, recoveries, judgments or executions (including but not limited to litigation costs, expenses, and reasonable attorneys' fees) which may be suffered by, accrued against, charged to or recoverable from the other party, its past and present directors, affiliates, partners, officers, employees or agents by reason of or in connection with the other party's performance or failure to perform, or improper performance of any of the other party's obligations under this Agreement.

7. Charges.

(a) In addition to the fees and other charges described in Section 2 and Section 3 above, Developer shall pay WORLDSPAN at the rate described in Schedule A of this Agreement, for each message transacted by Developer pursuant to this Agreement. For the purposes of this Agreement, a "Message" shall include each electronic transaction generated by Developer to the System including, but not limited to, transactions initiated by an individual using the "enter" or similar key on a personal computer or terminal and those automatically or mechanically generated by a software or hardware device. Examples include, but are not limited to:

- a request to display a record and the associated response
- a request to store a remark and the associated response
- a request to end a transaction and the associated response
- a request to move the screen text down and the associated response

(b) Developer shall pay to WORLDSPAN monthly, in advance, the nonvariable fees pursuant to this Agreement. Billing for Message and bridge fees, as defined herein, shall be made monthly after the end of the month in which such fees have been incurred. Failure of WORLDSPAN to issue any invoice or bill shall not relieve Developer of the obligation to pay for any charge owed WORLDSPAN pursuant to this Agreement. Developer shall pay all fees and other charges within fifteen (15) days of the date of each invoice. In the event that Developer fails to pay within fifteen (15) days of an Invoice, WORLDSPAN may levy a late payment charge computed at the rate of 1 1/2% per month on

the outstanding balance due hereunder from any month or fraction thereof that such payment is in default.

(c) Developer shall pay all sales, use, personal property, excise, license and franchise taxes as well as any other similar fees, charges or assessments which arise as a result of this Agreement or which may be imposed in connection with the access to the System.

(d) WORLDSPAN reserves the right to increase any charge to Developer under this Agreement once each calendar year upon not less than thirty (30) days prior written notice to Developer.

(e) Developer agrees to advise each of its accounts of WORLDSPAN's fee that will be billed to the account, for any bridge relationship established by the account to the Developer. Developer agrees to pay WORLDSPAN for any bridge relationship established by Developer to any WORLDSPAN subscriber, vendor or contractor. This charge is set forth on Schedule A and may be modified by WORLDSPAN from time to time.

8. Developer Support to Customers.

Developer acknowledges that WORLDSPAN does not agree to provide, and will not provide, any "help desk" assistance or similar user or technical support to Developer or its customers with regard to any hardware (including peripherals), software, product or services provided by Developer. Developer agrees that it will notify its customers and staff that WORLDSPAN does not provide such support, and Developer shall be solely responsible for all such support for the benefit of its staff and customers.

9. Termination.

(a) Either party shall be entitled to terminate this Agreement upon the occurrence of any of the following events:

(1) Except for Developer's failure to make timely payment, if the other party shall refuse, neglect or fail to perform, observe or keep any of the material covenants, terms or conditions contained herein to be performed, observed or kept, and such refusal, neglect or failure shall continue for a period of thirty (30) days including weekends, after written notice, the non-defaulting party shall have the right, in addition to any other right or remedy it may have, to terminate this Agreement; or

(2) If the other party petitions for relief under the Bankruptcy Code of the United States, or any country or territory, or if voluntary bankruptcy proceedings are instituted by a party under any federal, state or foreign insolvency laws, or if such a proceeding is imminent, or if it is adjudged bankrupt, or if it makes any assignment for the benefit of its creditors of all or substantially all of its assets; or if an involuntary petition is filed or execution issued against it and not dismissed or satisfied within thirty (30) days; or if its interest hereunder passes by operation of law to any other person, except in case of merger or acquisition, the other party may, at its option, terminate this Agreement by written notice provided, however, that all monies owed hereunder prior to the date of termination shall be immediately due and payable.

(b) WORLDSPAN shall be entitled to terminate this Agreement should Developer fail to pay any amount due hereunder, and Developer fails to cure such default within thirty (30) days after the date of written notice from WORLDSPAN.

10. Notices.

All notices, requests, demands or other communications hereunder shall be in writing, hand delivered, sent by first class mail, overnight mail, or facsimile (upon electronic confirmation that the transmission was received) and shall be deemed to have been given when received at the following addresses:

if to WORLDSPAN:

WORLDSPAN, L.P.
300 Galleria Parkway, NW
Atlanta, Georgia 30339
U.S.A.
Facsimile: (770) 563-7004
ATTN: Karen Lennon; Manager - Emerging Markets

with a copy to:

WORLDSPAN, L.P.
300 Galleria Parkway, NW
Atlanta, Georgia 30339
U.S.A.
Facsimile: (770) 563-7878
ATTN: Legal Department

If to Developer: At the address first written above.

Any notice provided by facsimile which is received after 4:00 p.m. local time shall be deemed received the following business day. A party may change its addresses for notice on not less than ten (10) business days' prior written notice to the other party.

11. Confidential Information.

(a) Confidential information supplied by one party to another pursuant to this Agreement is for the exclusive use of the receiving party and shall not be disclosed or made available to any other person, firm, corporation or governmental entity in any form or manner whatsoever; provided, however, that in the event Confidential Information is subpoenaed or otherwise requested or demanded by any court or governmental authority, the receiving party shall give written notice to the disclosing party prior to furnishing the same and shall, at the request of the disclosing party, exercise reasonable business efforts in cooperation and at the sole expense of the disclosing party, to quash or limit such request, demand and/or subpoena. The receiving party's obligations include treating Confidential Information with at least the concern and protective measures accorded any trade secrets, proprietary or confidential information and materials of the receiving party. Nothing herein shall be construed to require the disclosure of Confidential Information to the receiving party, or to require the receiving party to accept Confidential Information.

(b) Upon any termination of the Agreement, Developer agrees to deliver to WORLDSPAN all documentation, materials, information, Equipment, technical configurations and specifications supplied by WORLDSPAN and shall also certify in writing that all copies have been returned to WORLDSPAN.

(c) Developer understands that the information it has access to through the System is confidential and proprietary and includes valuable trade secrets of WORLDSPAN and that WORLDSPAN would suffer irreparable harm if such confidential or propriety information or trade secrets are directly or indirectly (i) used by Developer for any purpose other than those specifically set forth herein, or (ii) disclosed to any third party including affiliates of Developer which may operate as ARC approved travel agents in direct or indirect competition with the travel agents subscribing to WORLDSPAN or software developers in direct or indirect competition with WORLDSPAN. Accordingly, Developer agrees not to use the information for other purposes, disclose, or allow access to such information to any third party. Developer agrees that a breach of these conditions shall be grounds sufficient for immediate termination of, or suspension of, services under this Agreement, inhibiting Developer's access to and use of the System, and appropriate legal relief. Upon termination of this Agreement for any cause or reason, Developer agrees to deliver to WORLDSPAN all materials or

information supplied pertaining to WORLDSPAN and shall also confirm that all copies of such material have been returned to WORLDSPAN or destroyed.

(d) WORLDSPAN understands that the information it has access to through the right of access to Developer's facilities is of a confidential and proprietary nature, and WORLDSPAN may hereinafter have access to other information of Developer which is of a confidential and proprietary nature, and could result in irreparable harm to Developer if any such confidential or proprietary information is directly or indirectly (i) used by WORLDSPAN for any purpose other than as specifically set forth herein, or (ii) disclosed to any third party. Accordingly, WORLDSPAN agrees not to use the information for other purposes, disclose or allow access to such information to any third party. WORLDSPAN agrees that a breach of these conditions shall be grounds sufficient for immediate termination of this Agreement, and legal as well as injunctive relief. Upon termination of this Agreement for any cause or reason, WORLDSPAN agrees to deliver to Developer all materials or information supplied pertaining to Developer and shall also confirm that all copies of such material have been returned to Developer or destroyed.

(e) WORLDSPAN and Developer agree that any and all non-disclosure and use covenants contained herein shall survive for a period of five years any termination of this Agreement.

12. Modifications.

WORLDSPAN retains the right, in its sole discretion, to enhance, modify or alter the operation of the System at any time and further retains the right to make such enhancements, modifications or alterations generally available to other users of the System. WORLDSPAN shall use reasonable business efforts to give Developer written notice prior to loading of enhancements, modifications or alterations, other than those corrective in nature, which would materially adversely affect the services provided to Developer under this Agreement.

13. Title

Title and full and complete ownership rights to all WORLDSPAN owned or developed software (including source and object code) and other technical specifications, addresses or configurations (collectively the "Software") associated with or contained in the System or used by WORLDSPAN in connection with this Agreement shall remain with WORLDSPAN. Developer understands and agrees that WORLDSPAN's owned or developed Software is WORLDSPAN's trade secret, proprietary information, and confidential information whether any portion thereof is or may be validly copyrighted or patented. Any Software provided to Developer is provided by license only and such license is personal, non-exclusive, non-transferable and limited to the right to use such Software during the term of this Agreement only according to guidelines established by WORLDSPAN from time to time. Such Software shall be utilized by Developer only in accordance with this Agreement and shall not be copied, duplicated, reproduced, manufactured, de-compiled, reverse engineered, incorporated into any software (including any source code, object code or algorithms), modified or disclosed in any form by any media to any other person or party. Developer agrees to abide by any terms imposed by any third party that has directly or indirectly licensed Developer to use Software pursuant to this Agreement. Upon termination of this Agreement. Developer shall immediately return to WORLDSPAN any Software provided by WORLDSPAN. Nothing herein shall be construed to require WORLDSPAN to deliver any Software to Developer or to require Developer to accept such Software.

14. No Endorsement.

Nothing herein shall be construed to constitute an endorsement by WORLDSPAN of any product, software, device or service marketed, sold or provided by Developer. Developer shall not be entitled to use the name "WORLDSPAN" or any WORLDSPAN product mark or logo in any fashion, except as otherwise agreed in writing.

15. General Provisions.

(a) Nothing in this Agreement is intended or shall be construed to create or establish an agency, partnership, or joint venture relationship between the parties.

(b) The captions in this Agreement are for convenience only and in no way define, limit, or enlarge the scope of this Agreement or any of the provisions therein. Capitalized terms shall have the meanings assigned in this Agreement.

(c) No waiver by either party of any provision or any breach of this Agreement constitutes a waiver of any other provision or breach of this Agreement and no waiver shall be effective unless made in writing. The right of either party to require strict performance and observance of any obligations hereunder shall not be affected in any way by any previous waiver, forebearance or course of dealing.

(d) Except for Developer's obligation to make payments hereunder, neither party will be deemed in default of this Agreement as a result of a delay in performance or failure to perform its obligations caused by acts of God or governmental authority, strikes or labor disputes, fire, acts of war, failure of third party suppliers, or for any other cause beyond the control of that party.

(e) Developer shall not sell, assign, license, sub-license, franchise or otherwise convey in whole or in part to any third party this Agreement or the services provided hereunder without the prior written consent of WORLDSPAN, except that Developer may freely assign all rights, title, interest and obligations under this Agreement to any taker of all, or substantially all of Developer's assets.

(f) This is a non-exclusive agreement. Similar agreements may be entered into by either party with any other person.

(g) This Agreement shall be governed by, construed, interpreted and enforced according to the laws of the State of Georgia and of the United States of America, without regard to principles of conflict of laws and rules. Each party hereby consents to the non-exclusive jurisdiction of the courts of the State of Georgia and United States Federal Courts located in Georgia to resolve any dispute arising out of this Agreement.

(h) Each party shall not make any use of the other party's company name, logo, trademarks or service marks, without the prior written consent of the party.

(i) In the event that any material provision of this Agreement is determined to be invalid, unenforceable or illegal, then such provision shall be deemed to be superseded and the Agreement modified with a provision which most nearly corresponds to the intent of the parties and is valid, enforceable and legal.

(j) This Agreement constitutes the final and complete understanding and agreement between the parties concerning the subject matter hereof. Any prior agreements, understandings, negotiations or communications written or otherwise are deemed superseded by this Agreement. This Agreement may be modified only by a further written agreement executed by an authorized representative of the parties hereto.

IN WITNESS WHEREOF, Developer and WORLDSPAN have executed this Agreement by their respective authorized representatives as of the day and year first above written.

Priceline, L.L.C.	WORLDSPAN, L.P.
- ----------	
(Legal Name of Person or Company)	
By: /s/ Jesse Fink	By: /s/ Karen Lennon
----------	----------
Print Name: Jesse Fink	Name: Karen Lennon

Print Title: C.O.O.	Title: Manager - Emerging Markets

CALLTECH
MASTER AGREEMENT FOR
OUTSOURCING CALL CENTER SUPPORT

THIS AGREEMENT (this "Agreement"), dated as of _____, 1998, is between priceline.com LLC, a Delaware limited liability company with offices located at Five High Ridge Park, Stamford, Connecticut 06905-1325 (herein "PRICELINE"), and CALLTECH Communications, Incorporated, with offices located at 4189 ArlingGate Lane, Columbus, Ohio 43228 (herein "CALLTECH").

WHEREAS, PRICELINE is engaged in several businesses including the business of selling airline travel services through its Internet site priceline.com (the "Site") and through its toll-free telephone number 800-PRICELINE (the "Toll-Free Number"); and

WHEREAS, PRICELINE desires to retain the services of CALLTECH to provide customer support and telemarketing services to customers and potential customers of PRICELINE's airline travel business (each, a "Customer"), and CALLTECH desires to provide such services, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

ARTICLE 1.
ENGAGEMENT OF CALLTECH; DESCRIPTION OF SERVICES

SECTION 1.1. ENGAGEMENT OF CALLTECH

Subject to the terms and conditions of this Agreement, PRICELINE hereby retains CALLTECH to provide the Customer support and telemarketing services set forth below (collectively, the "Services"), and CALLTECH hereby accepts such engagement.

(a) CALLTECH will provide PRICELINE inbound teleservice support for PRICELINE Customers who have purchased airline tickets through the Site. CALLTECH will provide such services in accordance with the specifications set forth on SCHEDULE A attached hereto and made a part hereof (collectively, the "Inbound Teleservices").

(b) In addition to the Inbound Teleservices, CALLTECH will provide inbound telemarketing services for Customers using the Site and/or the Toll-Free Number to complete airline ticket request transactions with PRICELINE. CALLTECH will provide such services in accordance with the specifications set forth on SCHEDULE B attached hereto

and made a part hereof (the "Inbound Telemarketing Services" and, together with the Inbound Teleservices and any other services provided by CALLTECH pursuant to paragraphs (c) and (d) of this Section 1.1, being collectively referred to herein as the "Services").

(c) During the Term (as hereinafter defined) of this Agreement, CALLTECH shall, at the option of PRICELINE, provide outbound up-sell telemarketing services to Customers on terms and conditions to be agreed upon in good faith by the parties.

(d) CALLTECH will also provide such additional related services as set out in this Agreement (herein "Related Services") including, without limitation, the following:

1.1.1. CALLTECH agrees to notify PRICELINE on a daily basis of any information required by PRICELINE's Customers. The parties agree that PRICELINE is responsible for fulfilling such requests. Should CALLTECH's notice obligation significantly interfere with its primary Service activities, CALLTECH will notify PRICELINE. The parties agree that upon such notice, they will work cooperatively toward an amicable solution.

1.1.2. CALLTECH agrees to provide PRICELINE with such information and reports related to Services created by the CALLTECH telephone system. The initial list of reports are set forth on SCHEDULE C annexed hereto and made a part hereof. Additional reports, as agreed to by the parties, shall be provided by CALLTECH during the Term and shall be deemed included on SCHEDULE C annexed hereto effective as of the date agreed to by CALLTECH and PRICELINE. Report topics may include performance, users, applications and lost Contacts (as hereinafter defined), among others.

1.1.3. As set forth in SCHEDULES A and B annexed hereto, CALLTECH agrees to allow PRICELINE, through reasonable mechanisms to be made available by CALLTECH to PRICELINE, to monitor CALLTECH's service handling of Contacts for Products (as hereinafter defined), provided that this activity doesn't significantly interfere with primary Service activity. PRICELINE agrees to provide CALLTECH with any and all information, reports, or feedback related to Service quality, which are created by the monitoring of Contacts.

SECTION 1.2. PRODUCTS

CALLTECH will provide the Services for all airline related goods and services offered by PRICELINE through the Site and the Toll-Free Number (collectively, the "Products"), and any other products related thereto as designated from time to time by

PRICELINE (the "Related Products"). All terms and conditions herein apply to the Products and the Related Products. If Related Products (other than any usual and customary updates, upgrades, new versions, extensions or evolutionary developments to the Products as would typically be expected to occur in products and services such as the Products) are introduced during the Term of this Agreement, PRICELINE shall provide reasonable advance notice of and information about such additional Related Products to CALLTECH to enable CALLTECH to inform and train its CSRs (as defined in SCHEDULE A annexed hereto) as necessary and appropriate to provide quality Services with respect to such additional Related Products. The provision of any Services for such additional Related Products by CALLTECH may require an adjustment of the fees set forth on SCHEDULE F annexed hereto, but only if the additional Related Products designated by PRICELINE are of a nature so as to require materially more (or materially different and more expensive) resources from CALLTECH in order for CALLTECH to provide quality Services meeting the performance metrics set forth in this Agreement.

SECTION 1.3. HOURS OF OPERATION

(a) CALLTECH will provide the Inbound Teleservices 365 days per year from 9 a.m. to 9 p.m. Eastern Standard Time, Monday through Friday, and from 12 p.m. to 6 p.m. Eastern Standard Time, Saturdays and Sundays commencing on the Teleservices Launch Date (as defined in SCHEDULE A annexed hereto).

(b) CALLTECH shall provide the Inbound Telemarketing Services twenty-four (24) hours per day, seven (7) days per week, 365 days per year commencing on the Telemarketing Launch Date (as defined in SCHEDULE B annexed hereto).

SECTION 1.4. FACILITY

CALLTECH will utilize its support facility at 4189 ArlingGate Lane, Columbus, Ohio (the "Facility") for delivery of Services for the Products. The Facility will be equipped with telephone systems, computer systems, and various CALLTECH support and call monitoring tools, such as documentation and knowledge bases, to be used in the delivery of the Services. CALLTECH shall bear all expenses of operating the Facility, including all expenses for equipment and systems necessary to connect to any telecommunications circuits or facilities utilized by PRICELINE to bring calls to the Facility. SCHEDULE C annexed hereto and made a part hereof identifies the minimum capabilities CALLTECH shall maintain with respect to the Facility.

ARTICLE 2.
SERVICE LEVELS

SECTION 2.1. DEFINITIONS; SERVICE LEVELS

2.1.1. CALL DEFINITIONS:

ACTUAL HANDLING TIME: Shall mean (i) in the case of an Inbound Call (as hereinafter defined) by a CSR or an outbound Customer callback, the time that is measured from when the call is physically answered by the CSR or the PRICELINE Customer respectively until the call is physically terminated; and any additional wrap up work performed related to such call prior to becoming physically available to receive the next Inbound Call or to make the next Customer callback, and (ii) in the case of an Automated Call (as hereinafter defined), the time that is measured from when the caller enters the CallTech Voice Response Unit (VRU) until such caller leaves the VRU.

AUTOMATED CALL: Shall mean an Inbound Call that is delivered to an electronic voice message rather than to a CSR as the means of providing Services as described in this Agreement.

CONTACT: Shall mean a support incident, defined as a single in-coming support request via telephonic voice (a "Voice Contact"), fax or written or electronic correspondence (an "E-mail Contact") regarding any Product.

INBOUND CALL: Is defined as a call that has physically arrived to CALLTECH's Interactive Voice Response Unit (an "IVR") or similar system by way of PRICELINE's IVR or other mechanism for the purpose of providing Services as described in this Agreement.

MAXIMUM HOLD TIME: Shall be measured from the time an Inbound Call is placed in a call group queue, prior to being physically delivered and answered by a CSR or an automated voice response unit (a "VRU").

SECTION 2.2. SERVICE LEVELS

SCHEDULE E annexed hereto and made a part hereof sets forth the performance requirements of CALLTECH applicable to its handling of Inbound Calls, Contacts and the Actual Handling Time for Inbound Calls for all Services.

SECTION 2.3. ESCALATION PROCEDURE

PRICELINE recognizes that there may be instances where CALLTECH will not be able to resolve a Customer Contact without PRICELINE's assistance. Promptly following the execution of this Agreement, both parties will mutually agree to an escalation procedure for resolving support problems that require PRICELINE's technical personnel and/or a PRICELINE third party vendor. PRICELINE agrees to provide necessary and timely resources to CALLTECH to enable CALLTECH to resolve escalated problems in a timely manner. Examples of such resources include documentation, knowledgebase, escalation process, hardware, software and support technicians.

SECTION 2.4. CUSTOMER CALLBACKS

CALLTECH agrees that in the event a CALLTECH CSR is unable to resolve a support incident during an Inbound Call, the CSR will make all reasonable efforts to contact the Customer as soon as possible with the solution. All telecommunications costs for these callbacks shall be borne by Priceline. In the event Priceline selects to be billed on a per-call basis, these callbacks shall be considered a billable call.

SECTION 2.5. CALL LENGTH

PRICELINE and CALLTECH recognize that the amount of time a CSR spends on an individual voice Contact can impact both Service levels and fees. PRICELINE's expected average call length for Products is set out on SCHEDULE E annexed hereto. If CALLTECH experiences any significant increase in call length, CALLTECH agrees to notify PRICELINE and will work toward determining how to accommodate the increase by either modifying the Service level or increasing the staff as mutually agreed.

ARTICLE 3.
PRICELINE TOOLS, TELECOMMUNICATIONS AND TRAINING

SECTION 3.1. PRICELINE TOOLS

PRICELINE agrees to provide CALLTECH with sufficient copies of Products and related materials, including, but not limited to, copies of software, documentation, licenses and Product information as reasonably necessary to provide Services for the Products. CALLTECH acknowledges that its use of such tools may be subject to the terms of license agreements required by PRICELINE or its third party suppliers, and CALLTECH agrees to abide by all the terms and conditions of such licenses in connection with its use of such tools. PRICELINE shall only be obligated to supply one copy of any documentation or other such written materials relating to any such tools, and CALLTECH may make such

number of copies (and only such number of copies) of such materials as are necessary for it to provide Services hereunder.

SECTION 3.2. TELECOMMUNICATIONS

PRICELINE assumes all expenses related to the sending of Contacts to CALLTECH, including provision of telecommunication lines and the bearing of network costs associated with routing Inbound Calls to the Facility. CALLTECH is responsible for properly equipping the Facility with the necessary hardware to receive and handle Contacts as required by this Agreement.

SECTION 3.3. TRAINING

PRICELINE will provide one copy of necessary training materials to CALLTECH on all versions and aspects of Products that are unique or specific to PRICELINE's services at no charge to CALLTECH. CALLTECH trainers at CALLTECH's Facility will provide training for CALLTECH CSRs, unless otherwise agreed to in writing by the parties. Training will be delivered based on technical documentation for all aspects of the Products which are unique or specific to PRICELINE's services and all updates, upgrades and revisions thereto required to provide the Services will be provided to CALLTECH by PRICELINE at no charge to CALLTECH. CALLTECH agrees to use said documentation for Service purposes only. CALLTECH agrees to use all training materials for training and support purposes for the Services only. CALLTECH agrees to provide standard CALLTECH support training to its employees at the Facility, which shall include (at a minimum) training on the standard types of underlying hardware, operating system and application (e.g., browser) software required or typically used in conjunction with the Products. PRICELINE shall have the right to review and approve the level of proficiency to which the CSRs are to be trained by CALLTECH to facilitate the performance of quality Services, which approval shall not be unreasonably withheld. Except in an emergency and upon consultation with PRICELINE, CALLTECH shall not assign CSRs to provide Services hereunder unless they have received adequate training as approved by PRICELINE and otherwise meet the requirements applicable to CSR's as set forth on SCHEDULES A and B annexed hereto.

ARTICLE 4.
FEES

SECTION 4.1. FEES FOR SERVICE

CALLTECH agrees to perform the Services for the fees set forth on SCHEDULE E annexed hereto and made a part hereof. Except as provided in Section 5.1 of this Agreement, such fees cannot be modified by CALLTECH.

SECTION 4.2. PAYMENT

Commencing with the end of the month of the Telemarketing Launch Date and each month thereafter during the Term (as hereinafter defined), CALLTECH will provide PRICELINE with a monthly itemized statement for the Services rendered during the preceding monthly period. In addition, CALLTECH will bill and PRICELINE will pay for Related Services and such other charges as are provided for herein on an as incurred basis (along with its regular monthly invoice). PRICELINE will pay net thirty (30) days from receipt of each invoice in United States dollars. If PRICELINE is delinquent in the payment of any invoice, and fails to remedy the delinquency within thirty (30) days after written notice of delinquency is received by PRICELINE, PRICELINE shall be obligated to pay late charges in a total amount not to exceed one and one-half percent (1 1/2%) per month on the unpaid balance of any undisputed portion of the invoice which is unpaid. In the event of a dispute with regard to a portion of any invoice, the disputed portion may be withheld until resolution of the dispute but any undisputed portion shall be paid as provided herein.

SECTION 4.3. RECORD KEEPING

CALLTECH agrees to keep accurate books of account and records (in accordance with generally accepted accounting principles consistently applied) at the address set forth on the first page of this Agreement detailing all fees for its Services. Such books and records shall be maintained by CALLTECH for a period of three (3) years after termination or expiration of this Agreement. Upon reasonable notice of not less than thirty (30) days, PRICELINE shall have the right, for each twelve (12) month period during the Term, to inspect and audit such books of account and records to verify the accuracy of the information contained in any invoice or the amount of fees for Services paid to all CALLTECH hereunder. The parties agree that any dispute as to the fees paid to or charged by CALLTECH for the Services that can not be resolved by the parties shall be settled by arbitration as provided in Section 7.11 of this Agreement.

SECTION 4.4. TAXES

CALLTECH shall be solely responsible for the preparation and submission to applicable authorities of its CSRs' or other employees' income tax and FICA forms and the payment of all of such persons' salaries, employer contributions and employee benefits. PRICELINE shall be solely responsible for all applicable federal, state and local taxes and charges arising out of or related to sales of the Products and any such taxes shall be assumed and paid for by PRICELINE. CALLTECH and PRICELINE shall be solely responsible for the preparation and submission to applicable authorities of their respective federal, state and local income taxes attributable to income derived by each such party in connection with the subject matter of this Agreement.

ARTICLE 5.
TERM OF AGREEMENT

SECTION 5.1. TERM

The initial term of this Agreement shall commence on the date hereof and shall continue for a period of one (1) year from the Telemarketing Launch Date (the "Initial Term"). This Agreement shall automatically be extended for successive one (1) year terms (each a "Renewal Term") unless either party gives the other written notice of its intention not to extend this Agreement at least ninety (90) days prior to the end of the then current term, or unless terminated as provided elsewhere herein (the Initial Term, together with each Renewal Term, if any, being collectively referred to herein as the "Term"). Any time after expiration of the Initial Term, CALLTECH may change the prices and terms on which Services will be provided by providing at least one hundred twenty (120) days prior written notice to PRICELINE (the "Fee Notice Period"). PRICELINE shall have the right, in its sole discretion, to reject such changes and, in such case, this Agreement shall automatically terminate without penalty to either party upon expiration of the Fee Notice Period.

SECTION 5.2. CONDITIONS FOR TERMINATION BASED ON NON-PERFORMANCE

5.2.1. PRICELINE may terminate this Agreement without penalty if CALLTECH fails to meet any of its performance obligations hereunder or otherwise commits a breach of any term or provision of this Agreement and fails to cure the same within thirty (30) days after written notice from PRICELINE. This Agreement shall automatically terminate forthwith without notice in the event CALLTECH's liabilities exceed its assets, or if CALLTECH is unable to pay its debts as they become due, or files or has filed against it a petition in bankruptcy, for reorganization or for the adoption of an arrangement under any present or future bankruptcy, reorganization or similar law (which petition if filed against CALLTECH shall not be dismissed within sixty (60) days from the filing date), or if CALLTECH makes a general assignment for the benefit of its creditors or is adjudicated a bankrupt, or if a receiver or trustee of the CALLTECH's business or all or substantially all of the CALLTECH's property is appointed, or if CALLTECH discontinues its business.

5.2.2. Any default claimed by CALLTECH against PRICELINE which cannot be resolved by negotiation between the parties shall be referred to binding arbitration by CALLTECH as provided in Section 7.11 of this Agreement, and CALLTECH shall not be entitled to terminate this Agreement or suspend, in whole or in part, the performance of its obligations hereunder on account of any such breach pending outcome of the arbitration.

SECTION 5.3. TERMINATION FOR CONVENIENCE

PRICELINE may terminate this Agreement at any time during the Initial Term and any Renewal Term without cause upon at least ninety (90) days written notice to CALLTECH. In such event, PRICELINE shall pay an early termination fee to CALLTECH to compensate CALLTECH for all costs and expenses actually and reasonably incurred by CALLTECH for personnel and equipment engaged in providing Services to PRICELINE at the time of termination until such resources are either discharged or re-deployed by CALLTECH to provide services for other parties (but in any event for a period not to exceed sixty (60) days after termination). CALLTECH will promptly and in good faith attempt to re-deploy such resources as soon after termination as possible so as to reduce the amount of such early termination fee payable by PRICELINE to the extent reasonably possible. In no event shall the total amount of such termination fee exceed the amount billed to PRICELINE for the Services (excluding any Related Services) provided in the month immediately preceding the giving of the notice of termination by PRICELINE.

ARTICLE 6.
INDEMNITY; LIABILITY AND DISCLAIMERS; INSURANCE

SECTION 6.1. INDEMNIFICATION BY CALLTECH

Subject to the limitations of liability set forth in Section 6.3.2 of this Agreement, CALLTECH agrees to indemnify and save harmless PRICELINE and its affiliates, and their respective officers, directors, shareholders, members, partners, employees, agents and other personnel, from any liabilities, causes of action, lawsuits, penalties, damages, claims or demands (including the costs and expenses and reasonable attorneys' fees on account thereof) that may be made: (i) by any person or entity for injuries or damages of any kind or nature (including but not limited to personal injury, death, property damage and theft) resulting from or relating to (x) the negligent or willful acts or omissions of CALLTECH, those of persons or entities furnished by CALLTECH, or CALLTECH's employees, CSRs, agents or subcontractors, (y) the use of CALLTECH's Services furnished hereunder, (ii) CALLTECH's breach of this Agreement or its failure to perform any obligation hereunder, or (iii) by any employee or former employee of CALLTECH or any of its CSRs, agents or subcontractors for which CALLTECH's liability to such person or entity would otherwise be subject to payments under state workers' compensation or similar laws. CALLTECH, at its own expense, agrees to defend PRICELINE, at PRICELINE's request, against any such liability, cause of action, lawsuit, penalty, claim, damage or demand. PRICELINE agrees to notify CALLTECH promptly of any written claims or demands against PRICELINE for which CALLTECH is responsible hereunder. The foregoing indemnity shall be in addition to any other indemnity obligations of CALLTECH set forth in this Agreement.

SECTION 6.2. INDEMNIFICATION BY PRICELINE

Subject to the limitations of the liability provisions of Section 6.3.2 of this Agreement, provided that CALLTECH cooperates with PRICELINE, PRICELINE agrees to indemnify and hold CALLTECH and its affiliates, and their respective officers, directors, shareholders, members, partners, employees, agents and other personnel, harmless from any loss, liability, damages or costs based on the operations of any Products or any infringement by the Products of any patent or proprietary right of a third party. CALLTECH agrees to notify PRICELINE promptly of any written claims or demands against CALLTECH for which PRICELINE is responsible hereunder. PRICELINE shall have no liability for, and CALLTECH shall indemnify and hold PRICELINE and its affiliates, and their respective officers, directors, shareholders, members, partners, employees, agents and other personnel, harmless from and against, any claim based upon CALLTECH's conduct, if such infringement, cause of action or other damage would have been avoided but for that conduct.

SECTION 6.3. WARRANTY; LIMITATION OF LIABILITY

6.3.1. CALLTECH warrants to PRICELINE that the Services furnished under this Agreement will be furnished in a professional and workmanlike manner and in conformance with the metrics set forth in this Agreement.

6.3.2. Except for liabilities described in clauses (i) and (ii) below, CALLTECH's and PRICELINE's total liability hereunder will be limited to a maximum amount of FIVE MILLION DOLLARS ($5,000,000.00). The limitations of this Section shall not apply to: (i) any damage or loss to PRICELINE arising from any misappropriation of PRICELINE's confidential information in breach of this Agreement or (ii) damages resulting from personal injury or death or damage to tangible real or personal property caused by CALLTECH or resulting from CALLTECH's negligence.

SECTION 6.4. INSURANCE

CALLTECH currently maintains at its sole cost and expense worker's compensation insurance as required by applicable law, general liability insurance with limits of not less than $1,000,000 bodily injury per occurrence (including death) and $500,000 property damage per occurrence. In addition, CALL TECH currently maintains automobile liability insurance with a limit of not less than $1,000,000 bodily injury (including death) per occurrence. CALLTECH currently maintains Contractual Liability coverage to cover liability assumed under this Agreement. At all times under this Agreement CALLTECH shall maintain appropriate insurance coverages or that which is required by law for a business of like kind. CALLTECH shall provide PRICELINE with

copies of certificates of such insurance from time to time during the Term upon request by PRICELINE.

ARTICLE 7.
GENERAL PROVISIONS

SECTION 7.1. NON-DISCLOSURE

7.1.1. As used in this Section 7.1, "Confidential Information" means private, confidential, trade secret or other proprietary information (whether or not embodied or contained in some tangible form) relating to any actual or anticipated business of PRICELINE or CALLTECH, as applicable, and their respective affiliates, or any information which, if kept secret, will provide the party disclosing such Confidential Information (in each case a "Discloser") an actual or potential economic advantage over others in the relevant trade or industry. As defined herein, Confidential Information includes, without limitation, formulae, compilations, computer programs and files, devices, methods, techniques, know-how, inventions, research and development, business data (including cost data), strategies, methods, prospects, plans and opportunities, customer lists, marketing plans, specifications, financial information, invention disclosures, patent applications (whether abandoned or not), techniques, products and services of the Discloser and identified orally or in writing by the Discloser as confidential, proprietary or trade secret information. Confidential Information further includes any information or material received in confidence by the Discloser from a third party, and/or information held in confidence by a third party and made available to the party receiving Confidential Information (in each case a "Recipient").

7.1.2. Except as required in the performance of its obligations under this Agreement or with the prior written authorization of the Discloser, the Recipient shall not directly or indirectly use, disclose, disseminate or otherwise reveal any Confidential Information and shall maintain Confidential Information in confidence for a period of five (5) years from the date of termination or expiration of this Agreement, for whatever reason. Recipient shall use the same care and discretion to protect Confidential Information of the Discloser as Recipient uses to protect its own confidential information, but not less than a reasonable standard of care. Recipient shall restrict use of the Discloser's Confidential Information to its employees, and to those consultants who have been pre-approved in writing by Discloser, who have a need to know the Confidential Information and who have a written agreement with Recipient sufficient to comply with this Agreement.

7.1.3. Nothing contained in this Section 7.1 shall in any way restrict Recipient's rights to use, disclose, or otherwise dispose of any information which:

(a) At the time of disclosure by Discloser was already in the possession of Recipient (provided such information had not been previously furnished to Discloser by Recipient), as shown by a written record;

(b) Is independently made available to Recipient by an unrelated and independent third party whose disclosure does not constitute a breach of any duty of confidentiality owed to Discloser;

(c) Is generally available to the public in a readily-available document; or

(d) Is compelled to be disclosed pursuant to a court order, provided that Discloser shall first have the opportunity to request an appropriate protective order.

7.1.4. Nothing in this Agreement shall be construed as granting any rights or licenses in any Confidential Information to any person or entity.

7.1.5. Upon termination or expiration of this Agreement for any reason whatsoever, PRICELINE and CALLTECH shall leave with or return to the other all documents, records, notebooks, computer files, and similar repositories or materials containing Confidential Information of the other party and such other party's affiliates, including any and all copies thereof.

7.1.6. CALLTECH and PRICELINE agree that the terms of this Section 7.1 are reasonable and necessary to protect their respective business interests and that the other party would suffer irreparable harm from a breach of this Section 7.1. Thus, in addition to any other rights or remedies, all of which shall be deemed cumulative, CALLTECH and PRICELINE and/or their respective affiliates, as applicable, shall be entitled to obtain injunctive relief to enforce the terms of this Section 7.1.

SECTION 7.2. INTELLECTUAL PROPERTY

7.2.1. CALLTECH agrees to disclose and furnish promptly to PRICELINE any and all technical information, computer or other apparatus programs, inventions, specifications, drawings, records, documentation, works of authorship or other creative works, ideas, knowledge or data, written, oral or otherwise expressed, first made or created for and paid for by PRICELINE under this Agreement (hereinafter "Work Product"). The Work Product specifically includes, without limitation, any scripts, lists of frequently asked questions and responses thereto, etc., prepared and utilized by CALLTECH in connection with providing Services regarding the Products.

7.2.2. Subject to the provisions of this Section 7.2.2, CALLTECH agrees to assign and does hereby assign to PRICELINE all right, title and interest in and to any Work

Product. To the extent such Work Product qualifies as a "work made for hire", it shall be deemed to be such. Notwithstanding the foregoing, (i) CALLTECH retains for itself a perpetual, nonexclusive, royalty-free, unrestricted right and license to any structure, architectures, ideas and concepts subsisting in such Work Product, and (ii) CALLTECH shall be free to independently develop software and other works similar to any works developed by the performance of the Services under this Agreement, whether by other employees of CALLTECH, in collaboration with third parties, or for other customers.

7.2.3. CALLTECH agrees to take all reasonable steps, at PRICELINE's expense, to assist PRICELINE in the perfection of the rights assigned hereunder.

7.2.4. CALLTECH shall not acquire any right to any tradename, trademark, servicemark, copyright, patent or other form of intellectual property of PRICELINE. CALLTECH shall not use such intellectual property of PRICELINE in any manner except in the performance of its obligations hereunder as permitted or contemplated in connection therewith.

SECTION 7.3. SEVERABILITY; WAIVER

If any of the provisions of this Agreement a shall be held invalid or unenforceable by reason of the scope or duration thereof or for any other reason, such invalidity or unenforceability shall attach only to the particular aspect of such provision found invalid or unenforceable and shall not affect any other any other provision of this Agreement. To the fullest extent permitted by law, this Agreement shall be construed as if the scope or duration of such provision had been more narrowly drafted so as not to be invalid or unenforceable.

SECTION 7.4. NO OTHER AGREEMENTS

The parties acknowledge having read this Agreement and agree to be bound by its Terms. This Agreement and the Schedules attached hereto and supersedes and replaces any existing agreement, written or otherwise, entered into between or among PRICELINE and CALLTECH relating to the subject matter hereof except that the provisions of that certain Nondisclosure Agreement, dated December 19, 1997, between PRICELINE and CALLTECH, shall remain in full force and effect as it relates to the exchange of information between the parties from the date of such Nondisclosure Agreement through the date of this Agreement.

SECTION 7.5. ASSIGNABILITY

This Agreement shall not be assigned by either party without the prior written consent of the other party, which shall not be unreasonably withheld or delayed, except that PRICELINE may assign this Agreement or any of its rights and responsibilities hereunder, in whole or in part, to any affiliate or any entity which acquires all or substantially all of the assets or operations of its Internet-related services business dealing with the Products, with notice to but without the consent of CALLTECH. Any such attempted assignment lacking consent where required shall be null and void.

SECTION 7.6. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, with regard to its choice of law provisions.

SECTION 7.7. FORCE MAJEURE; DISASTER RECOVERY

Each party shall be released from and shall have no liability for any failure beyond its reasonable control, including, but not limited to, acts of God, labor troubles, strikes, lockouts, severe weather, delay or default of utilities or communications companies or accidents.

SECTION 7.8. INDEPENDENT CONTRACTOR

With respect to all matters relating to this Agreement, CALLTECH shall be deemed to be an independent contractor. CALLTECH shall not represent itself or its organization as having any relationship to PRICELINE other than that of an independent agent for the limited purposes described in this Agreement.

SECTION 7.9. AUTHORIZED REPRESENTATIVES

CALLTECH shall designate and maintain at all times hereunder a project manager to serve as a single point of contact for PRICELINE to assist in the resolution of all technical, operational and implementation-related matters. CALLTECH shall endeavor not to change such project manager without PRICELINE's approval, and in any event shall notify PRICELINE of any such changes. In addition, each party shall, at all times, designate one representative who shall be authorized to take any and all action and/or grant any approvals required in the course of performance of this Agreement. Such representations shall be fully authorized to act for and bind such party including the approval of amendments to this Agreement. Until written notice to the contrary (as delivered in accordance with Section 7.9), the authorized representatives of the parties are as follows:

For PRICELINE:	For CALLTECH:
Ginny L. Taylor Priceline.com LLC 5 High Ridge Park Stamford, CT 06905-1326	Robert J. Massey CallTech Communications Incorporated 4189 ArlingGate Lane Columbus, OH 43228

SECTION 7.10. NOTICES

Any notice required or permitted hereunder shall be deemed sufficient if given in writing and delivered personally, by facsimile transmission, by reputable overnight courier service or United States mail, postage prepaid, to the addresses shown below or to such other addresses as are specified by similar notice, and shall be deemed received upon personal delivery, upon confirmed facsimile receipt, two (2) days following deposit with such courier service, or three (3) days from deposit in the United States mails, in each case as herein provided:

If to PRICELINE:	If to CALLTECH:
Priceline.com LLC 5 High Ridge Park Stamford, CT 06905-1326 Attention: Jesse Fink	CallTech Communications Incorporated 4189 ArlingGate Lane Columbus, OH 43228 Attention: Robert J. Massey
Phone: 203-705-3025 Fax: 203-595-8264	Phone: 614-621-5514 Fax: 614-461-5626

With a Copy to:	With a Copy to:
Jeff Brandt, Esq.	C.J. Pettiti
Priceline.com LLC	CallTech Communications Incorporated
5 High Ridge Park	4189 ArlingGate Lane
Stamford, CT 06905-1326	Columbus, OH 43228
Phone: 203-705-3011	Phone: 614-621-5512
Fax: 203-595-8264	Fax: 614-461-5626

A party may change its address and the name of its designated recipient of copies of notices for purposes of this Agreement by giving the other parties written notice of the new name and the address, phone and facsimile number of its designated recipient in accordance with this Section 7.9.

SECTION 7.11. REPRESENTATIONS

Except as noted herein, no employee, agent or representative of either party will have the authority to bind the other party to any representation, oral or written, or any warranty concerning the Services or the performance of the Services.

SECTION 7.12. ARBITRATION

Any disputes or controversy, which this Agreement expressly provides to be resolved by arbitration, shall be settled by arbitration in accordance with the Center for Public Resources Rules for Non-Administered Arbitration of Business Disputes. The parties shall each select an arbitrator sufficiently knowledgeable in the areas of law necessary to arbitrate the controversy, and the two (2) arbitrators selected will select a third arbitrator (collectively, the "Arbitration Panel"). The Arbitration Panel shall arbitrate the controversy by majority decision. The United States Arbitration Act, 9 U.S.C., shall govern the arbitration, and any court having jurisdiction thereof may enter judgment upon

the majority decision rendered by the Arbitration Panel. The Arbitration Panel is not empowered to award damages in excess of actual damages, including punitive damages. The Arbitration Panel shall determine issues for resolution but may not limit, expand or otherwise modify the terms of the Agreement. The Arbitration Panel is not empowered to act or make any award other than an award based solely on the rights and obligations of the parties prior to any termination of this Agreement. Each party shall bear its own costs and expenses of the arbitration, except that the parties will share equally the compensation and expenses of the Arbitration Panel. This requirement for arbitration does not constitute a waiver of any right of termination under this Agreement. A request to a court for interim measures shall not waive the obligation to arbitrate. The parties, their representatives, other participants and the Arbitration Panel shall hold in confidence the existence, content and result of the arbitration.

SECTION 7.13. COMPLIANCE WITH LAWS

CALLTECH shall comply with the provision of all applicable federal, state, county and local laws, ordinances, regulations, and codes including, but not limited to, CALLTECH's obligations as an employer with regard to the health, safety and payment of its employees, and identification and procurement of required permits, certificates, approvals, and inspections in CALLTECH's performance of this Agreement. Notwithstanding whether a specification is furnished, if software, software products and services, or containers furnished are required to be constructed, packaged, labeled, or registered in a prescribed manner, CALLTECH shall comply with federal law and applicable state or local law. CALLTECH shall indemnify PRICELINE for, and defend PRICELINE against, any loss or damage sustained because of CALLTECH's noncompliance.

SECTION 7.14. RIGHT OF ACCESS

CALLTECH shall permit reasonable access for PRICELINE to its facilities in connection with work hereunder. No charge shall be made for such visits.

IN WITNESS WHEREOF, the parties hereto have signed this Master Agreement Technical Support Outsourcing effective as of the date set forth on the first page hereof.

CALLTECH COMMUNICATIONS, INCORPORATED	PRICELINE.COM LLC
By: ----------	By: ----------
Name: ----------	Name: ----------
Title: ----------	Title: ----------

SCHEDULE A

INBOUND TELESERVICING SPECIFICATIONS

PROGRAM DESCRIPTION: PRICELINE will be processing airline-ticketing transactions requiring a highly qualified service bureau to accept calls from Customers, answer general Product-related questions, and make any Customer requested travel itinerary changes.

CALL OBJECTIVE: To service Customers who have already purchased airline tickets through the Site.

LAUNCH: It is estimated that the launch date for the Inbound Teleservices shall be April 20, 1998. However, the parties agree that such launch date may be extended by PRICELINE for up to an additional four (4) weeks thereafter. The actual launch date applicable to the Inbound Teleservices is hereinafter referred to as the "Teleservices Launch Date". PRICELINE will provide reasonable advance notice of the actual Teleservices Launch Date once it is determined by PRICELINE.

CALL HANDLING: The call flow will be as follows:

- Initially calls with be handled by a VRU that will collect various pieces of information as determined by PRICELINE.
- The calls will then be transferred to CALLTECH where the transaction will be completed by a CALLTECH customer service representative ("CSR").
- Calls will be first handled by a VRU that PRICELINE owns which will collect information to complete the call. Screen pops and/or whispers will be available after the Teleservices Launch Date after technical compatibility is established.
- The location of the VRU is to be determined by PRICELINE. It may reside at PRICELINE facilities or at the CALLTECH Facility.
- After the VRU portion of the call, CALLTECH will receive the call through CALLTECH's ACD.
- The connection from CALLTECH to PRICELINE's computer sales system will be through PRICELINE's server. PRICELINE's server may be located either at CALLTECH's Facility or remotely with a frame relay hookup to CALLTECH's PC network.

TRAINING AND CSRS: PRICELINE will be heavily involved in training CSRs. PRICELINE will have several scripted call flows that CSRs will follow. CSR training will

be 5-10 working days. All CSRs utilized for Inbound Teleservices will be dedicated PRICELINE CSRs and will be Worldspan qualified. CALLTECH will provide a minimum of 3 fully trained and dedicated CSRs per shift commencing on the Teleservices Launch Date except that on the Saturday and Sunday 12 p.m. to 6 p.m. Eastern Standard Time shifts, a minimum of only 2 fully trained and dedicated CSRs are required.

- The CSRs will answer general post sale questions.
- The CSRs will make any Customer requested travel itinerary changes and must be Worldspan qualified.

QUALITY ASSURANCE: An extensive monitoring program will be implemented. PRICELINE will perform remote CSR monitoring at least weekly, and on-site monitoring at least monthly. CALLTECH will maintain a CSR/supervisor ratio of 10 to 1 for this program during the initial stages of implementation, which shall not be for a period of less than three (3) months. CALLTECH will monitor at least 10 calls per CSR per month. All sales will have a tape recorded sales verification script that must be read verbatim. CALLTECH must retain recorded verifications for 1 year and retrieve verifications within 24 hours of PRICELINE's request. PRICELINE will also survey Customers via outbound telephone survey and by mail. PRICELINE will staff one full time person at the CALLTECH Facility immediately and will have the right to provide additional staff at the Facility as it determines is reasonably necessary.

VRU CAPABILITY: PRICELINE plans to develop the front end VRU prompter capability. CALLTECH can provide this capability should PRICELINE wish to have CALLTECH handle this responsibility. CALLTECH will maintain a VRU to capture calls from the PRICELINE VRU.

OTHER REQUIREMENTS: CALLTECH will maintain a reliable PC network interconnected by Ethernet network to a server on site, or to a server off site. If the server is off-site, PRICELINE will provide a telecommunications connection.

SCHEDULE B

INBOUND TELEMARKETING SERVICES

PRICELINE PROGRAM DESCRIPTION: PRICELINE will be offering airline-ticketing concierge services requiring a highly qualified service bureau to accept inbound calls from Customers, answer Product-related questions and complete PRICELINE Ticket Requests (a "PTR").

CALL OBJECTIVE: To service Customers using the PRICELINE Toll-free Number for PTRs and to complete airline ticket transactions.

LAUNCH: April 6, 1998 (the "Telemarketing Launch Date").

CALL HANDLING: The call flow will be as follows:

- The calls will be first handled by a CALLTECH VRU that will provide a brief explanation of the service and collect various pieces of information, including credit card information.
- The calls will then be transferred to CALLTECH CSR where the transaction will be completed.

TRAINING AND CSRS: PRICELINE will be heavily involved in training CSRs. PRICELINE will provide several scripted call flows that CSRs will follow. Training will be three (3) days with all CSRs being "web qualified." All CSRs for Inbound Telemarketing will be dedicated PRICELINE CSRs except that CSRs may be shared from 12 a.m. to 6 a.m. during each service day. CALLTECH will provide ten (10) dedicated CSRs per shift commencing on the Telemarketing Launch Date for the first thirty (30) days following the Telemarketing Launch Date. Thereafter, PRICELINE and CALLTECH will agree to any adjustments in the number of such CSRs from time to time during the Term to ensure the prompt delivery of quality Services.

QUALITY ASSURANCE: An extensive monitoring program will be implemented. PRICELINE will perform on-site and remote CSR monitoring at least weekly. CALLTECH will provide PRICELINE with the capability to perform remote monitoring. CALLTECH will maintain a CSR/supervisor ratio of 10 to 1 for this program during the initial stages of

implementation, which shall not be for a period of less than three (3) months. CALLTECH will monitor at least 10 calls per CSR per month. CALLTECH will record Customer request verification and credit card submissions for one (1) year and retain retrieved recorded items within 24 hours of PRICELINE's request. Customer PTRs are expected to be 7-12 minutes in duration. Contract fulfillment is the call objective. CALLTECH will work with PRICELINE to develop Frequently Asked Questions ("FAQ") interactive web based response capabilities for CSR answers to commonly asked questions.

VRU CAPABILITY: CALLTECH will provide the front end VRU capability.

OTHER REQUIREMENTS: CALLTECH will provide the capability to digitally record and report credit card transactions, and bill calls to credit cards. All CALLTECH CSR seats will have Pentium PC's with web connectivity.

SCHEDULE C

CALLTECH SERVICE REPORTS

ACD reports for each of the Inbound Teleservices and the Inbound Telemarketing Services, on a daily basis, of program statistics including the number of Inbound Calls answered, abandoned and percentage of calls answered in thirty (30) seconds. This report will be provided (i) in one hour increments with a day total, (ii) on a daylong basis by 9 a.m. Eastern Standard Time in respect of the prior day's Services, (iii) weekly in daylong increments through 11:59 p.m. Eastern Standard Time of each Saturday, and (iv) monthly in daylong increments through 11:59 p.m. Eastern Standard Time of the last day of each month, and prior to the invoice of monthly fees by CALLTECH.

ACD reports for each of the Inbound Teleservices and the Inbound Telemarketing Services, on a daily basis, of CSR statistics including CSR name, hours logged on ACD, the number of Inbound Calls handled, talk time, hold time, after call work time, number of transfers and outbound calls. This report will be provided (i) in one hour increments with a day total, (ii) on a daylong basis by 9 a.m. Eastern Standard Time in respect of the prior day's Services, (iii) weekly in daylong increments through 11:59 p.m. Eastern Standard Time of each Saturday, and (iv) monthly in daylong increments through 11:59 p.m. Eastern Standard Time of the last day of each month, and prior to the invoice of monthly fees by CALLTECH.

Monthly reports on other Services other than the Inbound Teleservices and the Inbound Telemarketing Services prior to the invoice of such other Services by CALLTECH.

Daily, weekly and monthly CSR training reports, turnover reports, reason reports and monitoring reports for each of the Inbound Teleservices and the Inbound Telemarketing Services. The content of each report shall be mutually agreed to by PRICELINE and CALLTECH.

SCHEDULE D

CALL CENTER CAPABILITIES

The Facility can seat 300 agents and has extensive capabilities including the following:

SWITCHING PLATFORM:	LOCAL AREA NETWORK:
BCS (Cortelco) DSP1000 Digital Switch	Windows NT 4.0
5000 port capacity	Redundant Server/Mirroring
Advanced ACD System	DLT Library Backup System
Built in Digital T1 Interface	Firewalled Internet Link
AT&T ISDN Complaint	10/100BT
Full Redundancy	
Power Backup System	
Supports and conforms to CTI standards	
UNIX HOST - INTERNET SERVERS (5):	IVRU PLATFORM:
Unix Servers	Redundant 48 port system
Cisco 2501 routers	Pentium based processors
Multiple T-1 connections to the Internet	Dialogic Voice Boards
Firewall (Livingston)	Development with EASE
FAX SERVER:	CSR WORKSTATIONS CONFIGURATION:
486 Based Server	P100 or Higher Processors

Alcom Lan Fax Redirector Server	16 MB or Greater of RAM
Digital T1 Interface to DSP1000	Windows '95
GammaLink Fax Boards	Connected to LAN

Each Facility supervisor has a master display screen that shows all the CSR's that are signed on to the switch, the status of each CSR (available, talking, on-break) and how long they have been in that particular status. The screen also shows the supervisor performance levels for each CSR and the group as a whole. The display also shows average call handling time, cumulative unavailable time and number of calls handled by each agent. For the group, it shows the ASA, Max Queue Delay, and Number of People in Queue and Service Level. Additional options may be developed for unique requirements.

The Facility will have a SONET ring connection with a redundant self-healing fiber optic telecommunications circuit, connected in two different points to the Telco central offices. Power redundancy will be handled by an uninterruptible power source (UPS) that will provide backup power in the event of an outage from the local power company, American Electric Power. The CALLTECH center at Columbus' German Village will be connected to the Facility via SONET ring reducing the possibility of loss of service in the event of a major telecommunications or power outage.

SCHEDULE E

CALL-HANDLING REQUIREMENTS

SERVICE LEVELS:

So long as PRICELINE dictates the number of agents to be on duty handling incoming customer calls, PRICELINE will assume responsibility for managing service levels. The agree upon target is at least 80% of all calls will be answered within thirty (30) seconds.

So long as PRICELINE dictates the number of agents to be on duty, PRICELINE agrees to manage staffing levels such that 100% of the E-mail Contacts referred by PRICELINE will be answered within 24 hours of CALLTECH's receipt. In the situation where CALLTECH is managing staff levels, CALLTECH agrees to answer 100% of the E-mail Contacts referred by PRICELINE within 24 hours of CALLTECH's receipt. E-mail response can be defined in three ways: 1) full response and closure; 2) response back requesting more information from the Customer to assist in clarifying the problem or to assist in the resolution of the problem; and 3) response stating that CALLTECH is researching the problem and will get back to the Customer by the end of the next business day (provided that CALLTECH does in fact get back to the Customer within such time frame).

CALL LENGTH: The parties mutually anticipate an Average Actual Handling Time ("AAHT") of eight (8) minutes per call. If the average exceeds such number of minutes for any monthly billing period, CALLTECH will promptly notify PRICELINE and cooperate with PRICELINE in adopting measures reasonably calculated to reduce such average without requiring material additional expenses to be incurred by CALLTECH. If the AAHT begins to exceed such maximum number of minutes, or if the adoption of PRICELINE's Contact management system results in a material, measurable increase in AAHT when compared to CALLTECH's existing Contact management system, and the parties are unable to mutually agree on measures reasonably calculated to reduce such average or on a revised maximum AAHT for the purposes of this

Section, then either party may terminate this Agreement (without payment of any early termination fees or other liability to the other party) upon at least ninety (90) days written notice to the other party.

ABANDON RATE: CALLTECH agrees that the abandon rate shall not exceed 3% of total Inbound Calls, measured daily. So long as PRICELINE dictates the number of agents to be on duty handling incoming customer calls, PRICELINE will assume responsibility for managing to this service level.

PTR COMPLETION: The parties mutually anticipate that CALLTECH shall sign up at least 25% of the Customers using the Toll-Free Number to make PTR's, as measured on a monthly basis commencing with the Teleservices Launch Date. The parties agree to renegotiate this expected level of service should the expected PTR completion rate prove to be unreasonable.

SCHEDULE F

CALLTECH FEES

Unless otherwise specified, the fees set forth below apply to both the Inbound Teleservices and the Telemarketing Services.

- TRAINING: $150 per day (defined as seven (7) hours) per CSR

  CALLTECH will credit back to PRICELINE the aggregate amount of the training fee for each CSR who terminates in the first two (2) weeks of service following completion of the training program provided such termination is not due to the lack of call volume.

  CALLTECH will reduce the training fee by 50% for each CSR who terminates in week three (3) following completion of their training program.

  CALLTECH will provide PRICELINE with detailed reports of training rosters and retention.

- CALL FEES FOR SERVICES: 1. Fixed fee of $25.00 per CSR hour for the first thirty (30) days following the Telemarketing Launch Date.

  Thereafter, $27.00 per CSR hour

  or

  Variable Rate Minute Structure as follows:

MINUTES TALK + WRAP	FEE / MINUTE
0 - 50,000	$.70
50,001 - 100,000	$.65
100,001 - 200,000	$.60
200,000 - 300,000	$.57
300,000 +	$.55

The above per minute rates will be determined on an aggregated basis as of the end of the last day of each month during the term of the Agreement. After the first thirty (30) days following the Telemarketing Launch Date, all call fees shall initially be the $27.00 hourly CSR agent fee set forth above. PRICELINE, however, shall have the one-time option, at any time during the Term of this Agreement (but at no time during the thirty (30) days following the Telemarketing Launch Date), to convert to payment as per the Variable Rate Minute structure set forth above by providing written notice of such election to CALLTECH. Any such notice shall be effective on the first day of the next month following CALLTECH's receipt of such notice.

o VRU FEES:

MINUTES PER MONTH	FEE / MINUTE

0 - 50,000	$.15
50,001 - 100,00	$.14
100,001 - 150,000	$.13
150,001 - 200,000	$.12
200,001 - 250,000	$.11
250,000 +	$.10

o E-MAIL: .50 cents per minute of CSR time

o IMPLEMENTATION FEE: $5,000 one time charge. CALLTECH acknowledges its prior receipt of the implementation fee from PRICELINE.

The implementation fee will be credited back to PRICELINE if the call volume (talk + wrap) in the 60-90 day period following the Launch date exceeds 30,000 minutes in the aggregate.

o	MONTHLY MINIMUM:	$5,000 per month for all call fees, VRU fees, E-mail fees and additional development fees discussed below.
o	ADDITIONAL DEVELOPMENT:	$100 per hour for programmer/analyst time for systems, programs or applications development requested after implementation.
	OFFICE	SPACE $200 per month includes office space at CALLTECH's ArlingGate facility and access to the Internet. Outbound long distance will be passed across PRICELINE's T1 facilities.

ADDENDUM NO. 1 TO THE PRICELINE.COM/CALLTECH MASTER AGREEMENT
- ----------

This Addendum No.1 (this "Addendum"), dated as of October __, 1998, modifies the Master Agreement between priceline.com Incorporated and CallTech Communications, Incorporated dated April 6, 1998 (the "Master Agreement"). All defined terms used in this Addendum but not defined herein shall have the meanings set forth in the Master Agreement. This Addendum shall supersede all provisions and terms of the Master Agreement that are inconsistent or conflict with, or are otherwise contrary to, any provision or term of this Addendum. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree that the Master Agreement amended as follows:

1. PRICELINE CONVERSION:
CallTech acknowledges and agrees that all references to "priceline.com LLC " or "priceline" in the Master Agreement shall, from and after July 31, 1998, mean and refer to priceline.com Incorporated, a Delaware corporation and the successor in interest by merger to priceline.com LLC.

2. SCHEDULE F - CALLTECH FEES AND RELATED CHARGES:
CallTech acknowledges that priceline.com exercised its option set forth on Schedule F to the Master Agreement to covert its payment obligations to CallTech to the Variable Rate Minute Structure identified on Schedule F. Such conversion was effective as of August 1, 1998.

The parties acknowledge and agree that the VRU and Network Prompter fees set forth in Schedule F have been modified to $ .06 per minute effective August 1, 1998. Such fees as modified shall remain in full force and effect so long as priceline.com continues utilizing CallTech for all currently operational VRU and Network Prompter services installed at CallTech.

Effective as of the date of this Addendum, the CSR training fees set forth in Schedule F are hereby modified to include an option whereby CallTech will charge priceline.com $100 for each seven hour training day per CSR provided that the training is provided by priceline.com personnel. CallTech shall provide priceline.com detailed reports of training rosters, and a report of retention with each training invoice.

Effective as of the date of this Addendum, office space fees at CallTech's current facility will be deemed included on Schedule F and will be available (at priceline.com's option) and charged to priceline.com at the rate of $200 per month per office, or at a fixed fee to be agreed upon by the parties. Any lease by priceline.com of space at CallTech's current facility may be terminated immediately and at any time by notice from priceline.com to CallTech. Priceline.com has committed to lease 890 square feet at a fixed rate of $1300 per month in CallTech's new Hilliard facility, scheduled to open on approximately January 1, 1999 (the "New

CallTech Facility"). Priceline.com may terminate its lease of space at the New CallTech Facility at any time upon 60 days prior notice to CallTech.

3. CUSTOMER SERVICE SALARY:
Effective as of the date of this Addendum, CallTech agrees to compensate each of its CSRs one additional dollar more than the standard priceline.com wage rate for agents, per labor hour worked, as an incentive to attract highly qualified individuals. In turn, priceline.com agrees to compensate CallTech an additional 2.6 cents per CSR labor minute over the standard rate to cover the salary increases paid to CallTech CSRs.

4. VISA BONUS PROGRAM:
To increase the rate of successful Visa credit card conversions by CallTech CSRs, priceline.com and CallTech will negotiate in good faith on terms and conditions for a CSR Visa conversion incentive program. The cost of such program shall be paid for by priceline.com.

5. DISASTER PREVENTION:
CallTech will use best efforts to ensure a safe and reliable call center, including providing an uninterruptible power source (UPS) for power backup, a diesel generator for additional power backup, and a backup call center site to be selected by CallTech and operational as soon as possible (but no later than January 31, 1999).

Should priceline.com experience repeated and/or significant disruptions in service for any reason related to failures on the part of CallTech, CallTech agrees to remedy these disruptions within sixty days of written notice from priceline.com.

6. YEAR 2000:
CallTech will use best efforts to ensure the software used in conjunction with providing services to priceline.com will correctly handle the change of the century in a standard and compliant manner.

Should such software fail due to changes in the calendar date from December 31, 1999 to January 1, 2000, CallTech will mobilize all necessary and appropriate resources to rectify the problem in a timely manner at no additional cost to priceline.com.

7. QUALITY ASSURANCE:
CallTech will provide regular recorded monitoring on audiocassette at least three calls per CSR per week. CallTech will grade the first three completed calls taped for each CSR using a QA monitoring form developed by priceline.com. CallTech agrees to provide a weekly and monthly QA report documenting the CSR QA scores and coaching notes. Recorded phone calls will be graded by an equal number of CallTech and priceline.com employees. The average grade for all phone calls in a monthly period shall not fall below 85%. Should this goal not be met, CallTech will work with priceline.com to arrive at a mutually agreed upon solution within thirty days of

written notice from priceline.com. Such process will be modified as reasonably deemed appropriate by priceline.com.

8. SERVICE LEVEL AGREEMENT AND SCHEDULE E:
The service level target for Operator Service and Customer Service as set forth in Schedule F to the Master Agreement shall continue to be as follows: 80% of all inbound calls during each monthly period will be answered within 30 seconds. Should this goal not be met, CallTech will work with priceline.com to arrive at a mutually agreed upon solution within thirty days of written notice from priceline.com.

In addition, priceline.com agrees to provide CallTech with a rolling sixty-day call projection for each major inbound priceline.com telemarketing program at CallTech. Should the actual number of calls vary by greater than 10% of this forecast, the parties will negotiate in good faith on a new service level target.

As a result of the transfer to the Variable Rate Minute Structure set forth in Section 2 of this Addendum, CallTech will manage CSR staffing levels effective August 1, 1998.

9. HOURS OF OPERATION:
Effective as of the date of this Addendum, Section 1.3 of the Master Agreement is hereby modified to reflect CallTech`s agreement to provide Teleservices to priceline.com during all hours requested by priceline.com so long as priceline.com provides CallTech with reasonable notice of changes to the normal operating hours.

10. PAYMENT:
Effective as of the date of this Addendum, Section 4.2 of the Master Agreement is hereby modified to require CallTech to deliver to priceline.com invoices bimonthly through the 15th and last day of each month during the Term. Priceline.com will pay net 14 days from the date of each invoice.

THE PARTIES AGREE AND SIGN THIS ADDENDUM AS OF THE DATE SET FORTH ON THE FIRST PAGE OF THIS ADDENDUM. EXCEPT AS OTHERWISE AMENDED OR MODIFIED BY THIS ADDENDUM, ALL OTHER TERMS AND PROVISIONS OF THE MASTER AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT.

CALLTECH COMMUNICATIONS, INC.	PRICELINE.COM INCORPORATED
BY: ----------	BY: ----------
NAME: ----------	NAME: ----------
TITLE: ----------	TITLE: ----------
DATE: ----------	DATE: ----------

Exhibit 10.16

COMMERCIAL PROMISSORY NOTE

THIS NOTE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, ENCUMBERED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE, HYPOTHECATION OR OTHER DISPOSITION COMPLIES WITH THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT DATED AS OF APRIL 1, 1998 (A COPY OF WHICH IS ON FILE WITH PRICELINE.COM LLC (TOGETHER WITH ITS SUCCESSORS, THE "COMPANY") AND WHICH SHALL BE MAILED TO THE HOLDER HEREOF WITHOUT CHARGE WITHIN FIVE DAYS AFTER RECEIPT BY THE COMPANY OF A WRITTEN REQUEST THEREFOR FROM SUCH HOLDER). IN ADDITION TO THE RESTRICTIONS ON TRANSFER SET FORTH OR REFERRED TO IN SUCH AGREEMENT, NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE, HYPOTHECATION OR OTHER DISPOSITION OF THIS NOTE MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS IN EFFECT THEREUNDER (THE "ACT"), AND ALL APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS OR (B) IF SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF THE ACT AND, IF REQUIRED BY THE COMPANY, THE COMPANY HAS BEEN FURNISHED WITH AN OPINION OF COUNSEL FOR THE HOLDER, WHICH OPINION AND COUNSEL SHALL BE REASONABLY SATISFACTORY TO THE COMPANY, TO THAT EFFECT. THE HOLDER OF THIS NOTE, BY ACCEPTANCE HEREOF, AGREES TO BE BOUND BY ALL OF THE PROVISIONS OF THE AFORESAID AGREEMENT.

$ 1,000,000.00 April 15, 1998

For value received, PRICELINE.COM LLC (the "Company"), a Delaware Limited Liability Company with its principal offices located at Five High Ridge Park, Stamford, Connecticut 06905-1325 (the "Maker"), promises to pay to the order of ANDRE JAECKLE (the "Holder"), at CMC 8001 Centerview Parkway, Cordova, Tennessee 38018, or at such other place or places as the Holder hereof from time to time may designate in writing, the principal sum of One Million Dollars ($1,000,000.00), in lawful money of the United States, with interest thereon in like lawful money at a rate which is equal to six percent (6%) per annum (the "Effective Rate") calculated on the basis of a 365-day year for the actual number of days elapsed in arrears on the balance of this loan outstanding from time to time until the entire principal balance together with interest in areas has been fully paid. Interest only shall be payable semi-annually on the first day of April and October.

Any principal balance outstanding under this Note together with interest at the Effective Rate, if not required to be paid sooner pursuant to the terms hereof, together with any other indebtedness due under this Note, shall become finally due and payable on April 15, 2003 (the "Maturity Date").

If a default shall occur under the terms of this Note and continue uncured for thirty (30) days after notice from the Holder to the Maker, the Holder may, at its option, declare the principal sum then remaining unpaid hereunder, together with all interest due and payable thereon, and all other sums owing hereunder, immediately due and payable without notice. From and after the Maturity Date, or from and after default and acceleration of the Maturity Date, or from and after any judgment, the entire principal remaining unpaid hereunder shall bear an annual interest rate equal to the Effective Rate plus two percent (2%). Failure to exercise such option or any other rights the Holder may be entitled to, shall not constitute a waiver of the right to exercise such option or any other rights in the event of any subsequent default, whether of the same or different nature.

If this Note is placed in the hands of an attorney for collection or is collected through any legal proceeding, the undersigned promised to pay all costs, expenses and disbursements incurred in enforcing this Note, including reasonable attorney's fees and court costs.

Notwithstanding any provisions of this Note, it is the understanding and agreement of the Maker and the Holder that the rate of interest to be paid by Maker to Holder shall not exceed the maximum rate of interest permissible to be charged by Holder under applicable law. All sums in excess of those lawfully collectible as interest for the periods in question shall be applied to principal immediately upon receipt of such moneys by the Holder.

The Maker waives the rights of presentment, notice of protest, demand, dishonor and nonpayment of this Note, and consents to any and all renewals and extensions in the time of payment hereof. The right to plead any and all statutes of limitations as a defense to (i) any demand on this Note, and (ii) any and all obligations or liabilities arising out of or in connection with this Note, is expressly waived by the undersigned to the fullest extent permitted by law.

The principal amount outstanding under this Note at any particular time may be prepaid in whole or in part at any time upon thirty (30) days prior written notice by Maker to Holder. Any prepayment so made shall not preclude subsequent prepayment. Any prepayment shall be applied first against permitted expenses of Holder as provided for herein, second to unpaid interest due under this Note and then to principal.

This Note is issued pursuant to, and the Holder is entitled to the benefits of and is subject to the restrictions on transfer and other provisions of, that certain Subscription Agreement by and between the Maker and the Holder of event date herewith (the "Subscription Agreement"). All the terms, covenants, conditions, provisions and agreements of the Subscription Agreement are hereby made a part of this Note to the same extent and with the same effect as if fully set forth herein.

Any notice to the undersigned or to the Holder provided for in this Note shall be given by delivering or by mailing such notice in accordance with the notice provisions of the Subscription Agreement.

This Note may not be modified or terminated orally, but only by agreement in writing signed by the party against whom enforcement of such change or termination is sought.

This Note is to be governed and construed according to the laws of the State of Connecticut.

IN WITNESS WHEREOF, the undersigned as Maker has hereunto caused this Note to be duly executed as of the date first above written.

PRICELINE COM LLC

Attest:

By: /s/ Jay Walker

Jay Walker, President

/s/ Joseph L. Deyman
- ---

Exhibit 10.17

Warrant No. 1

NEITHER THIS WARRANT NOR THE UNITS ISSUABLE UPON EXERCISE HEREOF MAY BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, ENCUMBERED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE, HYPOTHECATION OR OTHER DISPOSITION COMPLIES WITH THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT DATED AS OF APRIL 1, 1998 (A COPY OF WHICH IS ON FILE WITH PRICELINE.COM LLC (TOGETHER WITH ITS SUCCESSORS, THE "COMPANY") AND WHICH SHALL BE MAILED TO THE HOLDER HEREOF WITHOUT CHARGE WITHIN FIVE DAYS AFTER RECEIPT BY THE COMPANY OF A WRITTEN REQUEST THEREFOR FROM SUCH HOLDER) AND THE LLC AGREEMENT REFERENCED THEREIN. IN ADDITION TO THE RESTRICTIONS ON TRANSFER SET FORTH OR REFERRED TO IN SUCH AGREEMENT, NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE, HYPOTHECATION OR OTHER DISPOSITION OF THIS WARRANT OR THE UNITS ISSUABLE UPON EXERCISE HEREOF MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THEIR RULES AND REGULATIONS IN EFFECT THEREUNDER (THE "ACT"), AND ALL APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS OR (B) IF SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF THE ACT AND, IF REQUIRED BY THE COMPANY, THE COMPANY HAS BEEN FURNISHED WITH AN OPINION OF COUNSEL FOR THE HOLDER, WHICH OPINION AND COUNSEL SHALL BE REASONABLY SATISFACTORY TO THE COMPANY, TO THAT EFFECT. THE HOLDER OF THIS WARRANT, BY ACCEPTANCE HEREOF, AGREES TO BE BOUND BY ALL OF THE PROVISIONS OF THE AFORESAID AGREEMENTS.

PRICELINE.COM LLC

(Organized under the laws of the State of Delaware)

Void after 5:00 p.m., New York City time, on April 15, 2003

Warrant for the Purchase of 50,000 Units

FOR VALUE RECEIVED, PRICELINE.COM LLC, a Delaware limited liability company (the "Company"), hereby certifies that

----------ANDRE JAECKLE----------

(the "Holder") is entitled, subject to the provisions of this warrant (the "Warrant"), to purchase from the Company, at any time, or from time to time during the period commencing at 9:00 a.m. New York City local time on April 15, 1998 (the "Base Date"), and expiring at 5:00 p.m. New York City

local time on April 15, 2003 (the "Termination Date") up to FIFTY THOUSAND UNITS of the Company at a price of $1.00 per Unit (such exercise price per unit, as adjusted, being hereinafter referred to as the "Exercise Price").

The term "Unit" means the Units of the Company as constituted on the Base Date, together with any other equity securities that may be issued by the Company in addition thereto or in substitution therefor. The number of Units to be received upon the exercise of this Warrant may be adjusted from time to time as hereinafter set forth. The Units deliverable upon such exercise, and as adjusted from time to time, are hereinafter sometimes referred to as "Warrant Units".

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of reasonably satisfactory indemnification, and upon surrender and cancellation of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

The Holder agrees with the Company that this Warrant is issued, and all the rights hereunder shall be paid, subject to all of the conditions, limitations and provisions set forth herein.

1. Exercise of Warrant. This Warrant may be exercised in whole or in part at any time, or from time to time, during the period commencing at 9:00 a.m. New York City local time, on the Base Date and expiring at 5:00 p.m., New york City local time, on the Termination Date or if such day is a day on which banking institutions in the City of New York are authorized by law to close, then on the next succeeding day that shall not be such a day, by presentation and surrender hereof to the Company at its principal office with the Warrant Exercise Form attached hereto duly executed and accompanied by payment (either in cash or by certified or official bank check, payable to the order of the Company), of the Exercise Price for the number of Units specified in such Form and instruments of transfer, if appropriate, duly executed by the Holder or his or her duly authorized attorney. If this Warrant should be exercised in part only, the Company shall, upon surrender of this Warrant for cancellation, execute and deliver a new Warrant evidencing the rights of the Holder thereof to purchase the balance of the Units purchasable hereunder. Upon receipt by the Company of this Warrant, together with the Exercise Price, in proper form for exercise, the Holder shall be deemed to be the holder of record of the Units issuable upon such exercise, notwithstanding that the transfer books of the Company shall then be closed or that certificates representing such Units shall not then be actually delivered to the Holder. The Company shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of Units on exercise of this Warrant.

2. Reservation of Units. The Company will at all times reserve for issuance and delivery upon exercise of this Warrant all Units or other equity securities of the Company (and other securities and property) from time to time receivable upon exercise of this Warrant. All such Units (and other securities and property) shall be duly authorized and, when issued upon such exercise, shall be validly issued, fully paid and nonassessable and free of all preemptive rights.

3. Restrictions Upon Transferability of Warrant and Warrant Stock: Transfer to Comply with the Securities Act of 1933 and the Subscription Agreement. Neither this Warrant nor the

Warrant Units issuable upon exercise of this Warrant have been registered under the Securities Act of 1933, as amended (the "Act"). Holders hereof and thereof shall be subject to such restrictions upon the sale or other disposition thereof, all as more fully set forth in or referred to in the Subscription Agreement of even date herewith between the Company and the Holder (the "Subscription Agreement") and the Limited Liability Company Agreement of the Company dated as of July 18, 1997 (as same may be amended, the "LLC Agreement"). The Subscription Agreement and the LLC Agreement are incorporated by reference as an integral part of this Warrant.

4. Exchange, Transfer, Assignment of Loss of Warrant. This Warrant cannot be exchanged, transferred or assigned otherwise than in accordance with the provisions of the Subscription Agreement and the LLC Agreement. If the provisions of the Subscription Agreement are complied with, upon surrender of this Warrant to the Company with the Assignment Form annexed hereto duly executed and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant in the name of the heir, devisee or assignee named in such instrument of assignment and this Warrant shall promptly be cancelled.

5. Rights of the Holder. The Holder shall not, by virtue hereof, be entitled to any rights of a Unitholder of the Company, either at law or in equity, and the rights of the Holder are limited to those expressed in this Warrant.

6. Redemption. This Warrant is not redeemable by the Company.

7. Adjustment of Exercise Price and Number and Kind of Securities Purchasable upon Exercise of Warrant.

(a) Definitions. As used in this Agreement, the following terms have the following respective meanings:

(i) "Options" means any right, option, or warrant to subscribe for, purchase, or otherwise acquire Units or Convertible Securities.

(ii) "Convertible Securities" means any evidences of indebtedness, units or other securities directly or indirectly convertible into or exchangeable for Units.

(iii) "Issue" means to grant, issue, sell assume, or fix a record date for determining persons entitled to receive, any security (including Options), whichever of the foregoing is the first to occur.

(iv) "Additional Units" means all Units (including reissued Units) issued (or deemed to be issued pursuant to Section 7(b)) after the date of issuance of this Warrant.

(b) Deemed Issuance of Additional Units. The Units issuable upon exercise of an Option (including the Units issuable upon conversion or exercise of a Convertible Security issuable pursuant to an Option) are deemed to be Issued when the Option is Issued. The Units ultimately issuable upon conversion or exercise of a Convertible Security (other than a Convertible Security

Issued pursuant to an Option) shall be deemed Issued upon issuance of the Convertible Security. The maximum amount of Units issuable is determined without regard to any future adjustments permitted under the instrument creating the Options or Convertible Securities.

(c) Adjustment of Exercise Price for Diluting Issuances.

(i) Weighted Average Adjustment. If the Company issues Additional Units after the date of this Agreement and the consideration per share of Additional Units (determined pursuant to Section 7(h)) is less than the Exercise Price in effect immediately before such Issue, the Exercise Price in effect immediately before such issue shall be reduced, concurrently with such Issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price by a fraction:

(A) the numerator of which is the number of Units outstanding immediately before such Issue plus the number of Units that the aggregate consideration received by the Company for such Additional Units would purchase at the Exercise Price in effect immediately before such Issue, and

(B) the denominator of which is the number of Units outstanding immediately before such Issue plus the number of such Additional Units.

(ii) Adjustment of Number of Units. Upon each adjustment of the Exercise Price, the number of Units issuable upon exercise of this Warrant shall be increased to equal the quotient obtained by dividing (a) the product resulting from multiplying (i) the number of Units issuable upon exercise of this Warrant and (ii) the Exercise Price, in each case as in effect immediately before such adjustment, by (b) the adjusted Exercise Price.

(iii) Securities Deemed Outstanding. For the purpose of this Section 7(c), all securities issuable upon exercise of any outstanding Convertible Security or Options, warrants, or other rights to acquire securities of the Company shall be deemed to be outstanding.

(d) No Adjustment for Issuances Following Deemed Issuances. No adjustment to the Exercise Price shall be made upon the exercise of Options or conversion of Convertible Securities.

(e) Adjustment Following Changes in Terms of Options or Convertible Securities. If the consideration payable to, or the amount of Units Issuable by, the Company increases or decreases, respectively, pursuant to the terms of any outstanding Options or Convertible Securities, the Exercise Price shall be recomputed to reflect such increase or decrease. The recomputation shall be made as of the time of the issuances of the Options or Convertible Securities. Any changes in the Exercise Price that occurred after such issuance because Additional Units were issued or deemed Issued shall also be recomputed.

(f) Recomputation Upon Expiration of Options or Convertible Securities. The Exercise Price computed upon the original Issue of any Options or Convertible Securities, and any

subsequent adjustments based thereon, shall be recomputed when any Options or rights of conversion under Convertible Securities expires without having been exercised. In the case of Convertible Securities or Options for Units, the Exercise Price shall be recomputed as if the only Additional Units were the Units actually Issued upon the exercise of such securities, if any, and as if the only consideration received therefor was the consideration actually received upon the Issue, exercise or conversion of the Options or Convertible Securities. In the case of Options for Convertible Securities, the Exercise Price for this Warrant shall be recomputed as if the only Convertible Securities Issued were the Convertible Securities actually Issued upon the exercise thereof, if any, and as if the only consideration received therefor was the consideration actually received by the Company (determined pursuant to Section 7(i)), if any, upon the Issue of the Options for the Convertible Securities.

(g) Limit on Readjustments. No readjustment of the Exercise Price for this Warrant pursuant to Section 7(e) or 7(f) shall increase the Exercise Price more than the amount of any decrease made in respect of the Issue of any Options or Convertible Securities.

(h) Computation of Consideration. The consideration received by the Company for the Issue of any Additional Units shall be computed as follows:

(i) Cash. Cash shall be valued at the amount of cash received by the Company, excluding amounts paid or payable for accrued interest or accrued dividends.

(ii) Property. Property other than cash shall be computed at the fair market value thereof at the time of the Issue as determined in good faith by [the Board of Managers] of the Company.

(iii) Mixed Consideration. The consideration for Additional Units Issued together with other property of the Company for consideration that covers both shall be determined in good faith by the Board of Managers of the Company.

(iv) Options and Convertible Securities. The consideration per Additional Unit for Options and Convertible Securities shall be determined by dividing:

(A) the total amount, if any, received or receivable by the Company for the Issue of the Options or Convertible Securities, plus the minimum amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon exercise of the Options or conversion of the Convertible Securities, by

(B) the maximum amount of Units (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) ultimately Issuable upon the exercise of such Options or the conversion of such Convertible Securities.

(i) Unit Distributions. In case at any time the Company shall declare a dividend

or make any other distribution upon any Units of the Company which is payable in Unit or Convertible Securities, any Units or Convertible Securities, as the case may be, issuable in payment of such dividend or distribution shall be deemed to have been issued or sold without consideration.

(j) Subdivision or Combination of Units. In case the Company shall at any time subdivide the outstanding Units into a greater number of Units, the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced and the number of Units issuable upon exercise of this Warrant immediately prior to such subdivision shall be proportionately increased, and conversely, in case the outstanding Units shall be combined at any time into a smaller number of Units, the Exercise Price in effect immediately prior to such combination shall be proportionately increased and the number of Units issuable upon exercise of this Warrant immediately prior to such combination shall be proportionately reduced.

(k) Adjustments for Consolidation, Merger, Sale of Assets, Reorganization, etc. In case the Company (i) consolidates with or merges into any other entity and is not the continuing or surviving entity of such consolidation or merger, or (ii) permits any other entity to consolidate with or merge into the Company and the Company is the continuing or surviving Company but, in connection with such consolidation or merger, the Units are changed into or exchanged for units or other securities of any other entity or cash or any other assets, or (iii) transfers all or substantially all of its properties and assets to any other entity, or (iv) effects a reorganization or reclassification of the equity of the Company in such a way that holders of Units shall be entitled to receive stock, securities, cash or assets with respect to or in exchange for Units, then, and in each such case, proper provision shall be made so that, upon the exercise of this Warrant at any time after the consummation of such consolidation, merger, transfer, reorganization or reclassification, each Holder shall be entitled to receive (at the aggregate Exercise Price in effect for Units issuable upon such exercise of this Warrant immediately prior to such consummation), in lieu of Units issuable upon such exercise of this Warrant prior to such consummation, the stock and other securities, cash and assets to which such Holder would have been entitled upon such consummation if such Holder had so exercised this Warrant immediately prior thereto (subject to adjustments subsequent to such action as nearly equivalent as possible to the adjustments provided for in this Section 7).

(l) Notice of Adjustment. Whenever the number of Units issuable upon the exercise of this Warrant or the Exercise Price for this Warrant is adjusted, as provided in this Section 7, the Company shall prepare and mail to each Holder a certificate setting forth (i) the Exercise Price and the number of Units issuable upon the exercise of this Warrant after such adjustment, (ii) a brief statement of the facts requiring such adjustment and (iii) the computation by which such adjustment was made.

(m) No Change of Warrant Necessary. Irrespective of any adjustment in the Exercise Price for this Warrant or in the number or kind of securities issuable upon exercise of this Warrant, unless the Holder of this Warrant otherwise requests, this Warrant may continue to express the same price and number and kind of Units as are stated in this Warrant as initially issued.

(n) Treasury Units. The number of Units outstanding at any given time shall not include Units owned or held by or for the account of the Company. The disposition of any Units

owned or held by or for the account of the Company shall be considered an issue of Units for the purposes of this Section 7.

(o) Certain Adjustment Rules.

(i) The provisions of this Section 7 shall similarly apply to successive transactions.

(ii) If the Company shall declare any distribution referred to in Section 7(i) and if any Holder exercises all or any part of this Warrant after such declaration but before the payment of such distribution, the Company may elect to defer, until the payment of such distribution, issuing to such Holder the Units issuable upon such exercise of this Warrant on the basis of the applicable Exercise Price in effect prior to such adjustment; provided, however, that the Company shall deliver to each such Holder a due bill or other appropriate instrument evidencing such Holder's right to receive such additional Units upon the payment of such distribution.

(iii) If the Company shall declare any distribution referred to in Section 7(i) and shall legally abandon such distribution prior to payment, then no adjustment shall be made pursuant to this Section 7 in respect of such declaration.

(p) Exceptions to Adjustment to Purchase Price. Notwithstanding anything herein to the contrary, no adjustment to the Exercise Price for this Warrant or the number of Units issuable upon exercise of this Warrant shall be made in the case of the following:

(i) the issuance of any Units upon any exercise of this Warrant or any adjustment of the Exercise Price for this Warrant;

(ii) the grant of issuance of Options to purchase Units to employees, officers or directors of the Company; and

(iii) the issuance of any Units upon the exercise of any Options outstanding as of the date hereof.

8. Legend. Upon exercise of this Warrant and the issuance of any of the Warrant Units hereunder, all certificates representing Units shall bear on the face thereof substantially the following legends, insofar as is consistent with Delaware Law:

> "The Units represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be sold, offered for sale, assigned, transferred or otherwise disposed of, unless registered pursuant to the provisions of that Act or an opinion of counsel to the Company is obtained stating that such disposition is in compliance with an available exemption from such registration."

9. Applicable Law. This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the laws of the State of Connecticut.

10. Notice. Notices and other communications to be given hereunder shall be given in accordance with the Subscription Agreement.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed on its behalf, by its duly authorized officer.

PRICELINE.COM LLL

By /s/ Jay Walker

Jay Walker
Its President

Dated: April 15, 1998

WARRANT EXERCISE FORM

The undersigned hereby irrevocably elects to exercise to the extent of purchasing _____ Units of PriceLine.com LLC and hereby makes payment at the rate of $_____ per share or an aggregate of $_____ in payment therefor.

_____
Name of Registered Holder

_____
Signature

_____
Signature, if held jointly

_____
Date

INSTRUCTIONS FOR ISSUANCE OF UNITS

(If other than to the registered holder of the within warrant)

Name_____
(Please typewrite or print in block letters)

Address_____

_____

Social Security or Taxpayer Identification Number_____

ASSIGNMENT FORM

The Holder hereby assigns and transfers unto

Name_____
(Please typewrite or print in block letters)

Address_____

_____

the right to purchase Units of PriceLine.com LLC represented by this Warrant to the extent of _____ Units as to which such right is exercisable and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the same on the books of the Company with full power of substitution in the premises.

DATED:_____

_____
Name of Registered Holder

_____
Signature

_____
Signature, if held jointly

Warrant No. 2

NEITHER THIS WARRANT NOR THE UNITS ISSUABLE UPON EXERCISE HEREOF MAY BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, ENCUMBERED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE, HYPOTHECATION OR OTHER DISPOSITION COMPLIES WITH THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT DATED AS OF MARCH 27, 1998 (A COPY OF WHICH IS ON FILE WITH PRICELINE.COM LLC (TOGETHER WITH ITS SUCCESSORS, THE "COMPANY") AND WHICH SHALL BE MAILED TO THE HOLDER HEREOF WITHOUT CHARGE WITHIN FIVE DAYS AFTER RECEIPT BY THE COMPANY OF A WRITTEN REQUEST THEREFOR FROM SUCH HOLDER) AND THE LLC AGREEMENT REFERENCED THEREIN. IN ADDITION TO THE RESTRICTIONS ON TRANSFER SET FORTH OR REFERRED TO IN SUCH AGREEMENT, NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE, HYPOTEHCATION OR OTHER DISPOSITION OF THIS WARRANT OR THE UNITS ISSUABLE UPON EXERCISE HEREOF MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS IN EFFECT THEREUNDER (THE "ACT"), AND ALL APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS OR (B) IF SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE, HYPOTEHCATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF THE ACT AND, IF REQUIRED BY THE COMPANY. THE COMPANY HAS BEEN FURNISHED WITH AN OPINION OF COUNSEL FOR THE HOLDER, WHICH OPINION AND COUNSEL SHALL BE REASONABLY SATISFACTORY TO THE COMPANY, TO THAT EFFECT. THE HOLDER OF THIS WARRANT, BY ACCEPTANCE HEREOF, AGREES TO BE BOUND BY ALL OF THE PROVISIONS OF THE AFORESAID AGREEMENTS.

PRICELINE.COM LLC

(Organized under the laws of the State of Delaware)

Void after 5:00 p.m., New York City time, on April 8, 2003

Warrant for the Purchase of 100,000 Units

FOR VALUE RECEIVED, PRICELINE.COM LLC, a Delaware limited liability company (the "Company"), hereby verifies that

----------WILLIAM SHATNER----------

(the "Holder") is entitled, subject to the provisions of this warrant (the "Warrant"), to purchase from the Company, at any time, or from time to time during the period commencing at 9:00 a.m. New York City local time on April 9, 1998 (the "Base Date"), and expiring at 5:00 p.m. New York City

local time on April 9, 2003 (the "Termination Date") up to ONE HUNDRED THOUSAND UNITS of the Company at a price of $0.00 per Unit (such exercise price per unit being hereinafter referred to as the "Exercise Price").

The term "Unit" means the Units of the Company as constituted on the Base Date, together with any other equity securities that may be issued by the Company. In addition thereto or in substitution therefor. The number of Units to be received upon the exercise of this Warrant may be adjusted from time to time as hereinafter set forth. The Units deliverable upon such exercise, and as adjusted from time to time, are hereinafter sometimes referred to as "Warrant Units."

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of reasonably satisfactory indemnification, and upon surrender and cancellation of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

The Holder agrees with the Company that this Warrant is issued, and all the rights hereunder shall be held, subject to all of the conditions, limitations and provisions set forth herein.

1. Exercise of Warrant. This Warrant may be exercised in whole or in part at any time, or from time to time, during the period commencing at 9:00 a.m. New York City local time, on the Base Date and expiring at 5:00 p.m., New York City local time, on the Termination Date or if such day is a day on which banking institutions in the City of New York are authorized by law to close, then on the next succeeding day that shall not be such a day, by presentation and surrender hereof to the Company at its principal office with the Warrant Exercise Form attached hereto duly executed and accompanied by payment (either in cash or by certified or official bank check, payable to the order of the Company), of the Exercise Price for the number of Units specified in such Form and instruments of transfer, if appropriate, duly executed by the Holder or his or her duly authorized attorney. If this Warrant should be exercised in part only, the Company shall, upon surrender of this Warrant for cancellation, execute and deliver a new Warrant evidencing the rights of the Holder thereof to purchase the balance of the Units purchasable hereunder. Upon receipt by the Company of this Warrant, together with the Exercise Price, in proper form for exercise, the Holder shall be deemed to be the holder of record of the Units issuable upon such exercise, notwithstanding that the transfer books of the Company shall then be closed or that certificates representing such Units shall not then be actually delivered to the Holder. The Company shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of Units on exercise of this Warrant.

2. Reservation of Units. The Company will at all times reserve for issuance and delivery upon exercise of this Warrant all Units or other equity securities of the Company (and other securities and property) from time to time receivable upon exercise of this Warrant. All such Units (and other securities and property) shall be duly authorized and, when issued upon such exercise, shall be validly issued, fully paid and nonassessable and free of all preemptive rights.

3. Restrictions Upon Transferability of Warrant and Warrant Stock; Transfer to Comply with the Securities Act of 1933 and the Subscription Agreement. Neither this Warrant nor the

Warrant Units issuable upon exercise of this Warrant have been registered under the Securities Act of 1933, as amended (the "Act"). Holders hereof and thereof shall be subject to such restrictions upon the sale or other disposition thereof, all as more fully set forth in or referred to in the Subscription Agreement of even date herewith between the Company and the Holder (the "Subscription Agreement") and the Limited Liability Company Agreement of the Company dated as of July 18, 1997 (as same may be amended, the "LLC Agreement"). The Subscription Agreement and the LLC Agreement are incorporated by reference as an integral part of this Warrant.

4. Exchange, Transfer, Assignment or Loss of Warrant. This Warrant cannot be exchanged, transferred or assigned otherwise than in accordance with the provisions of the Subscription Agreement and the LLC Agreement. If the provisions of the Subscription Agreement are complied with, upon surrender of this Warrant to the Company with the Assignment Form annexed hereto duly executed and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant in the name of the heir, devisee or assignee named in such instrument of assignment and this Warrant shall promptly be cancelled.

5. Rights of the Holder. The Holder shall not, by virtue hereof, be entitled to any rights of a Unitholder of the Company, either at law or in equity, and the rights of the Holder are limited to those expressed in this Warrant.

6. Redemption. This Warrant is not redeemable by the Company.

7. Adjustment of Number and Kind of Securities Purchasable upon Exercise of Warrant.

(a) Definitions. As used in this Agreement, the following terms have the following respective meanings:

(i) "Convertible Securities" means any evidence of indebtedness, units or other securities directly or indirectly convertible into or exchangeable for Units.

(ii) "Issue" means to grant, issue, sell assume, or fix a record date for determining persons entitled to receive, any security (including Options), whichever of the foregoing is the first to occur.

(b) Unit Distributions. In case at any time the Company shall declare a dividend or make any other distribution upon any Units of the Company which is payable in Units or Convertible Securities, any Units or Convertible Securities, as the case may be, issuable in payment of such dividend or distribution shall be deemed to have been issued or sold without consideration.

(c) Subdivision or Combination of Units. In case the Company shall at any time subdivide the outstanding Units into a greater number of Units, the number of Units issuable upon exercise of this Warrant immediately prior to such subdivision shall be proportionately increased, and conversely, in case the outstanding Units shall be combined at any time into a smaller number of Units, the number of Units issuable upon exercise of this Warrant immediately prior to such combination shall be proportionately reduced.

(d) Adjustments for Consolidation, Merger, Sale of Assets, Reorganization, etc. In case the Company (i) consolidates with or merges into any other entity and is not the continuing or surviving entity of such consolidation or merger, or (ii) permits any other entity to consolidate with or merge into the Company and the Company is the continuing or surviving Company but, in connection with such consolidation or merger, the Units are changed into or exchanged for units or other securities of any other entity or cash or any other assets, or (iii) transfers all or substantially all of its properties and assets to any other entity, or (iv) effects a reorganization or reclassification of the equity of the Company in such a way that holders of Units shall be entitled to receive stock, securities, cash or assets with respect to or in exchange for Units, then, and in each such case, proper provision shall be made so that, upon the exercise of this Warrant at any time after the consummation of such consolidation, merger, transfer, reorganization or reclassification, each Holder shall be entitled to receive (at the aggregate Exercise Price in effect for Units issuable upon such exercise of this Warrant immediately prior to such consummation). In lieu of Units issuable upon such exercise of this Warrant prior to such consummation, the stock and other securities, cash and assets to which such Holder would have been entitled upon such consummation if such Holder had so exercised this Warrant immediately prior thereto (subject to adjustments subsequent to such action as nearly equivalent as possible to the adjustments provided for in this Section 7).

(e) Notice of Adjustments. Whenever the number of Units issuable upon the exercise of this Warrant is adjusted, as provided in this Section 7, the Company shall prepare and mail to each Holder a certificate setting forth (i) the number of Units issuable upon the exercise of this Warrant after such adjustment, (ii) a brief statement of the facts requiring such adjustment and (iii) the computation by which such adjustment was made.

(f) No Change of Warrant Necessary. Irrespective of any adjustment in the number or kind of securities issuable upon exercise of this Warrant, unless the Holder of this Warrant otherwise requests, this Warrant may continue to express the same price and number and kind of Units as are stated in this Warrant as initially Issued.

(g) Certain Adjustment Rules.

(i) The provisions of this Section 7 shall similarly apply to successive transactions.

(ii) If the Company shall declare any distribution referred to in Section 7(b) and shall legally abandon such distribution prior to payment, then no adjustment shall be made pursuant to this Section 7 in respect of such declaration.

8. Leased. Upon exercise of this Warrant and the issuance of any of the Warrant Units hereunder, all certificates representing Units shall bear on the face thereof substantially the legend set forth herein.

9. Applicable Law. This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the laws of the State of Connecticut.

10. Notice. Notices and other communications to be given hereunder shall be given in accordance with the Subscription Agreement.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed on its behalf, by its duly authorized officer.

PRICELINE COM LLC

By: /s/ Jay Walker

Jay Walker
Its President

Dated: April 9, 1998

WARRANT EXERCISE FORM

The undersigned hereby irrevocably elects to exercise to the extent of purchasing Units of PriceLine.com LLC and hereby makes payment at the rate of $ per share or an aggregate of $ in payment therefor.

Name of Registered Holder

Signature

Signature, if held jointly

Date

INSTRUCTIONS FOR ISSUANCE OF UNITS

(If other than to the registered holder of the within warrant)

Name

(Please typewrite or print in block letters)

Address

Social Security or Taxpayer Identification Number

ASSIGNMENT FORM

The Holder hereby assigns and transfer unto

Name

(Please typewrite or print in block letters)

Address
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the right to purchase Units of PriceLine.com LLC represented by this Warrant to the extent of Units as to which such right is exercisable and does hereby irrevocably constitute and appoint Attorney, to transfer the same on the books of the Company with full power of substitution in the premises.

DATED:

Name of Registered Holder

Signature

Signature, if held jointly

Exhibit 23.1

INDEPENDENT ACCOUNTANTS' CONSENT

We consent to use in this Registration Statement of priceline.com Incorporated on Form S-1 of our report dated December 21, 1998 on the combined financial statements of priceline.com Incorporated and Priceline Travel, Inc. appearing in the Prospectus, which is part of this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ DELOITTE & TOUCHE LLP

Stamford, Connecticut

December 23, 1998