

IAC / Local Services

Alan Bittker

President and CEO, EPI



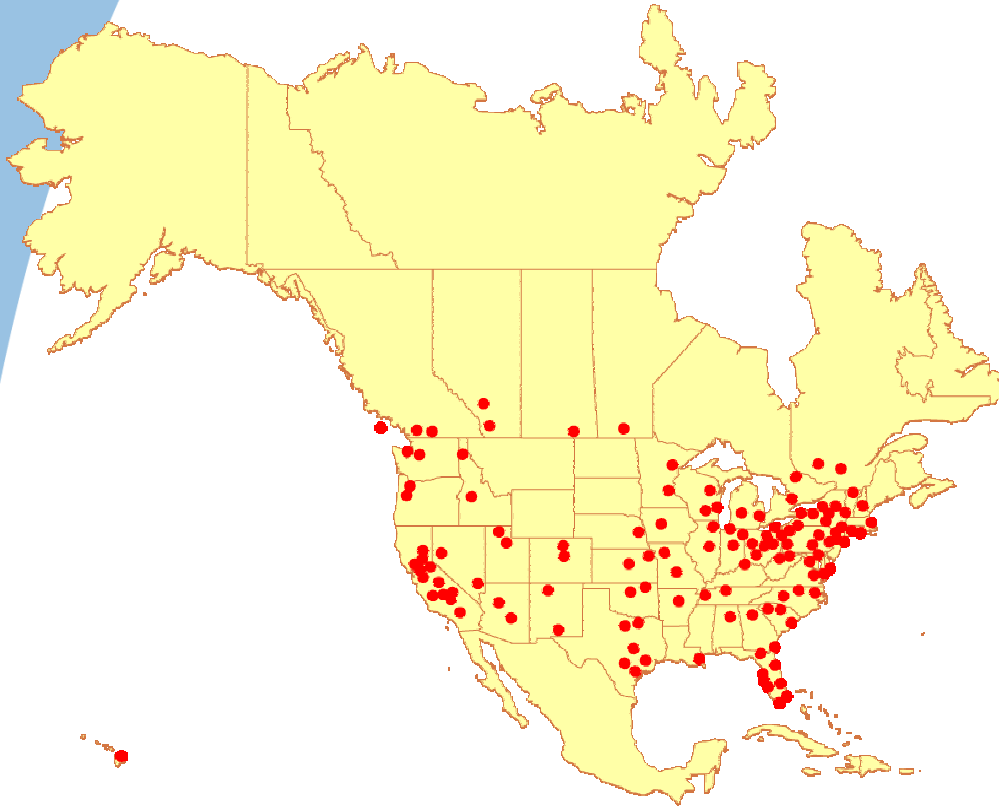
Introduction

World's Leading
Marketer of Consumer
Savings & Merchant
Promotions



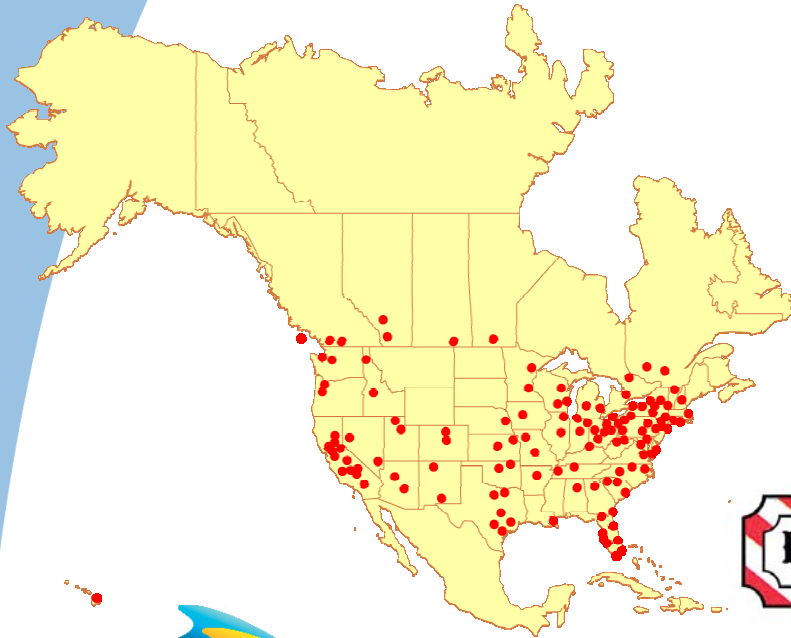
8 MILLION CONSUMERS

Strong Local Presence



- **161 North American markets**
- **75% of available households**
- **700 field sales and service employees; 1,050 total**
- **Traditional distribution via:**
 - **18,000 schools;**
 - **35,000 community groups**
 - **Top retailers**
- **Over 8,000,000 consumers paying annual fees**
- **\$7B estimated merchant transactions**

Deep Merchant Coverage



- **65,000 Merchants**
250,000

Locations



- Dining Out
- Fast Food & Carry Out
- Events & Attractions
- Hotels, Airline & Travel
- Retail and Services



J.CREW

 **UNITED**



IAC / InterActiveCorp

50% Savings & High-Value Discounts

Safeway
Valid at All
Participating
Locations

- *With a single purchase of \$50.00** or more after deduction of Safeway Club savings & manufacturer coupons
- This coupon must be presented at time of purchase
- One offer per coupon, one coupon per customer
- COUPON CANNOT BE DOUBLED
- **Excluding alcohol, tobacco & fluid dairy products
- Coupon valid at all Denver Division (Colorado) Safeway Stores

More Savings At
entertainment.com



Enjoy \$5.00 OFF* YOUR
TOTAL PURCHASE OF
\$50.00** or more.
valid through October
2003

*with a single purchase of \$50.00** or more after deduction of Safeway Club savings & manufacturer coupons; This coupon must be presented at time of purchase; One offer per coupon, one coupon per customer; COUPON CANNOT BE DOUBLED; **excluding alcohol, tobacco, & fluid dairy products; Coupon valid at all Denver Division (Colorado) Safeway Stores

E7

\$5.00
Value



SAFeway
FOOD & DRUG

Valid now thru November 1, 2004

Not valid holidays & subject to Rules of Use. Not valid with other discount offers, unless specified. Coupon VOID if purchased, sold, or bartered for cash.

Discount Products

MERCHANT DATABASE



LOCAL COUPON BOOKS



ONLINE MEMBERSHIPS



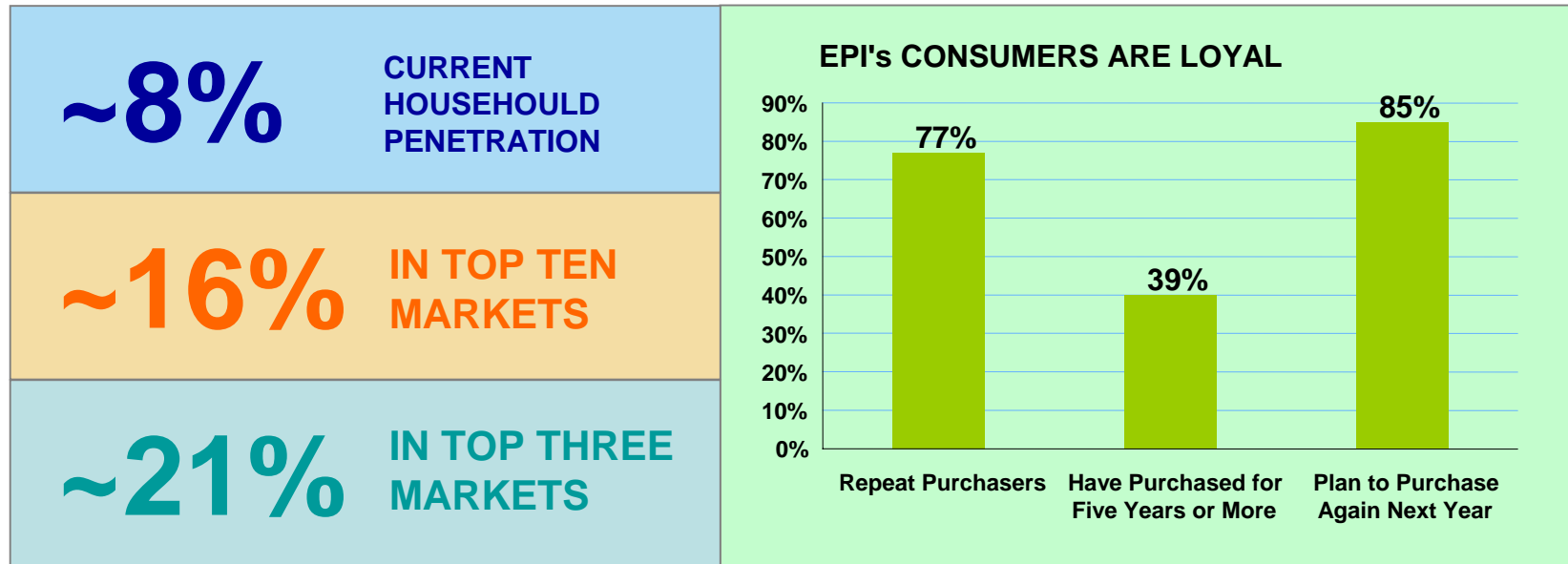
PRIVATE LABEL PROGRAMS



Value Propositions

CONSUMERS	MERCHANTS
<ul style="list-style-type: none">■ 50% Savings■ Great Local Places■ Everyday Savings■ Easy to Use	<ul style="list-style-type: none">■ New Customers■ Pay-for-Performance<ul style="list-style-type: none">■ (No Risk & 100% Trackable)■ Tools to Manage Promotions■ Loyalty Feature Drives Repeat

Solid Penetration & Loyal Consumers



Source: 2002 EPI Attitude & Usage Study

Source: 2001 RUF Study; Internal Sales Data

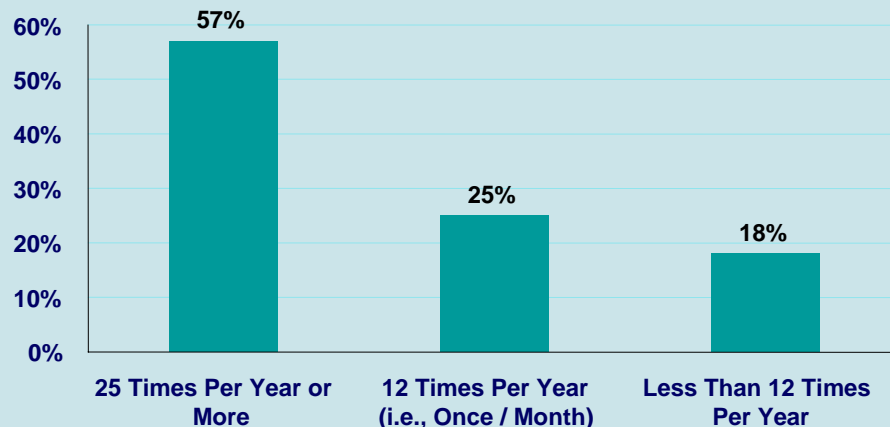
Impressive Usage & Redemption Statistics

CONSUMERS DRIVE \$7 BILLION IN ANNUAL SALES

CONSUMERS:

**SIGNIFICANT USAGE
25 OFFERS PER YEAR**

How Often Do You Redeem Offers in the Entertainment Book?



MERCHANTS:

**STRONG REDEMPTION
2,000 to 3,000 per year**

**AVERAGE MERCHANT RECEIVES
\$75,000 - \$115,000
IN ANNUAL SALES FROM EPI**

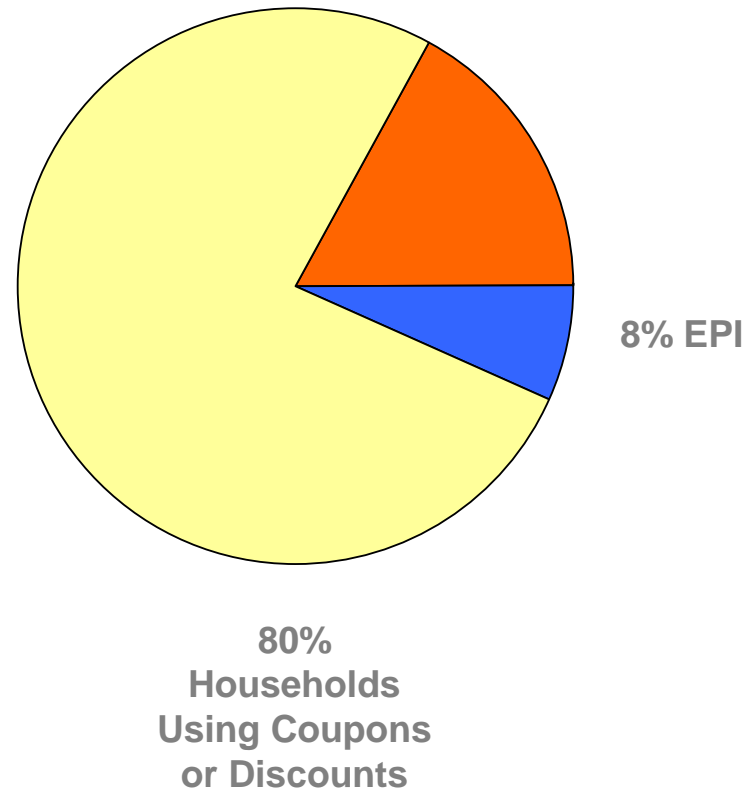
**MERCHANT RENEWAL RATE
~77% LOCAL
~92% NATIONAL**

Source: 2002 EPI Attitude & Usage Study

Source: Company estimate

Discount Business Today

- **80% of households use coupons or discounts**
- **Online coupons are less than 1% of market**
 - Online coupons printed/downloaded increased 111% in 2002 to 242 million
 - Redemption increased 400% to 7.6 million

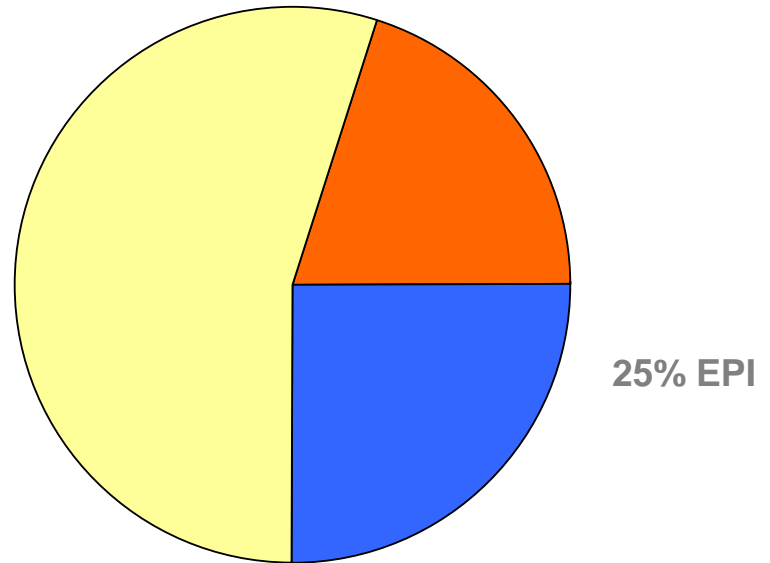


Source: NCH Marketing Services - 2002

Discount Business

Our Goal

- **25% household penetration**
- **Get in the middle of \$7B (and growing) transaction stream**



Source: NCH Marketing Services - 2002

Migrating Business Online

- **Strategy**
- **Product transformation**
- **Build registered card product**
- **Expand direct distribution**

Product Transformation

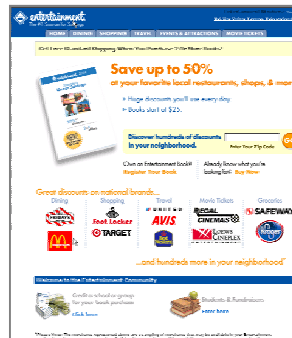
BOOK MEMBERSHIP TRADITIONAL: 41 YEARS



PUBLISHED COUPONS

- 8mm paying consumers
- Published coupons
- \$25 - \$45 per book
 - Fundraising distribution
 - Seasonal

NEW SITE LAUNCH: FALL 2003



WEB SITE

- Easy search & sort
 - Relevant offer merchandising
 - Multi-location mapping
- Strong member communication

Product Transformation

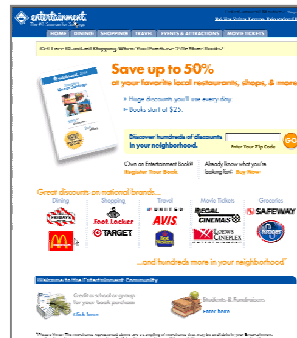
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ONLINE SAVINGS SUBSCRIPTION

LAUNCH: FALL 2003



PRINTABLE DISCOUNTS

- Target web savvy audience
- Printable discount offers
- \$3.99 monthly fee
- Direct-to-consumer distribution
- No seasonality

Build Registered Card



Capture % of \$7B (and growing) Merchant Transaction Stream

**Convert
Merchant
Base**

- **Merchants Agree to Accept Credit Card Discount**
 - Automatically processed with payment
 - Performance driven marketing

**Market to
Consumers**


- **Discreet, easy-to-use consumer savings product**

**New
Revenue
Stream**

- **EPI Captures % of each merchant transaction upon payment**

Transaction Confirmation

- Consumers will receive an email transaction confirmation within couple days

 **entertainment** The #1 Source for Savings [Help](#)

Dear John Smith,
Entertainment would like to update you on your recent credit card savings. We will credit your discount within 4 business days of your transaction. You can always view your monthly savings transactions at your [My Account](#) page.

Savings Amount: \$12

Manage Your Account:

- [Sign in to My Account](#)
- [View all transactions for July](#)
- [Manage E-mail preferences](#)
- [Contact Customer Service](#)

Transaction Savings Detail:

Date	Merchant Name	Offer	Category	Redeemable	Purchase	Savings
7/10	TGIF	50% off entree; Mon - Fri	Casual Dining	1 per month	\$50	\$12


View your [My Account](#) page to see all of your transactions for 2003

Did you know that many of your favorite merchants have loyalty offers?
Save money every time you visit your favorite merchants!


Merchant Name	Offer Type	Category	Redeemable
Acadie Hand Crafted French Crepes	20% off total bill	Fine Dining	Every Visit!
El Camino Restaurant	20% off total bill	Fine Dining	Every Visit!

Take advantage of these other great offers from your local merchants!
Customers who redeemed similar offers also saved at:
(Merchants are sorted by distance from your billing office)

DINING



Sushi Roku
Save 50% on total bill (Mon - Thu)
Distance: 0.2 miles
([Map It](#))



Milano's Cucina
Save 50% on total bill (Mon - Thu)
Distance: 0.2 miles
([Map It](#))

Monthly Credit Card Statement

ACCOUNT SUMMARY FOR JOHN SMITH

ACCOUNT NUMBER: 5487 6687 4111 5781



A RECORD OF YOUR CHARGES AND CREDITS

Transaction Date	Posting Date	Reference Number	Transaction Description	Credits	Charges
7/10	7/13	24610435003S37F55	TGIF		50.00
7/11	7/14	24610434403PJQn1V	Ikea		85.00
7/14	7/17	24610434403PJQN23	Ent. Discount - TGIF	- 12.00	
7/15	7/18	24610435003S37F55	Exxon Mobil		24.50
7/19	7/22	24610435003S37F55	Papa Johns Pizza		30.00
7/20	7/23	24610434403PJQn1V	Tower Records		18.50
7/21	7/24	24610434403PJQN23	Bamboo Grill		57.00
7/23	7/26	24610435003S37F55	Ent. Discount - Papa J	-\$15.00	
7/24	7/27	24610435578R7F551	Rudy's Barbershop		75.00
7/25	7/28	246104352113S3635	Ent. Discount -Bamboo G	-\$14.00	
			SUBTOTAL		340.00
			CREDIT	-41.00	
			PREVIOUS BALANCE		0.00
			NEW BALANCE		299.00

Merchant Tools



EDIT OFFERS FOR 611 NEWBURY ST.

Your Introductory Offer [Help](#)

Your Introductory Offer will look like this:

Enjoy 50% off your total bill - maximum discount of \$9.

Your Loyalty Offer [Help](#)

You can set up a different Loyalty Offer for each day of the week. For example, on Tuesdays, Your Loyalty Offer will look like this:

Enjoy 20% off your total bill.*

Edit Your Loyalty Offer:

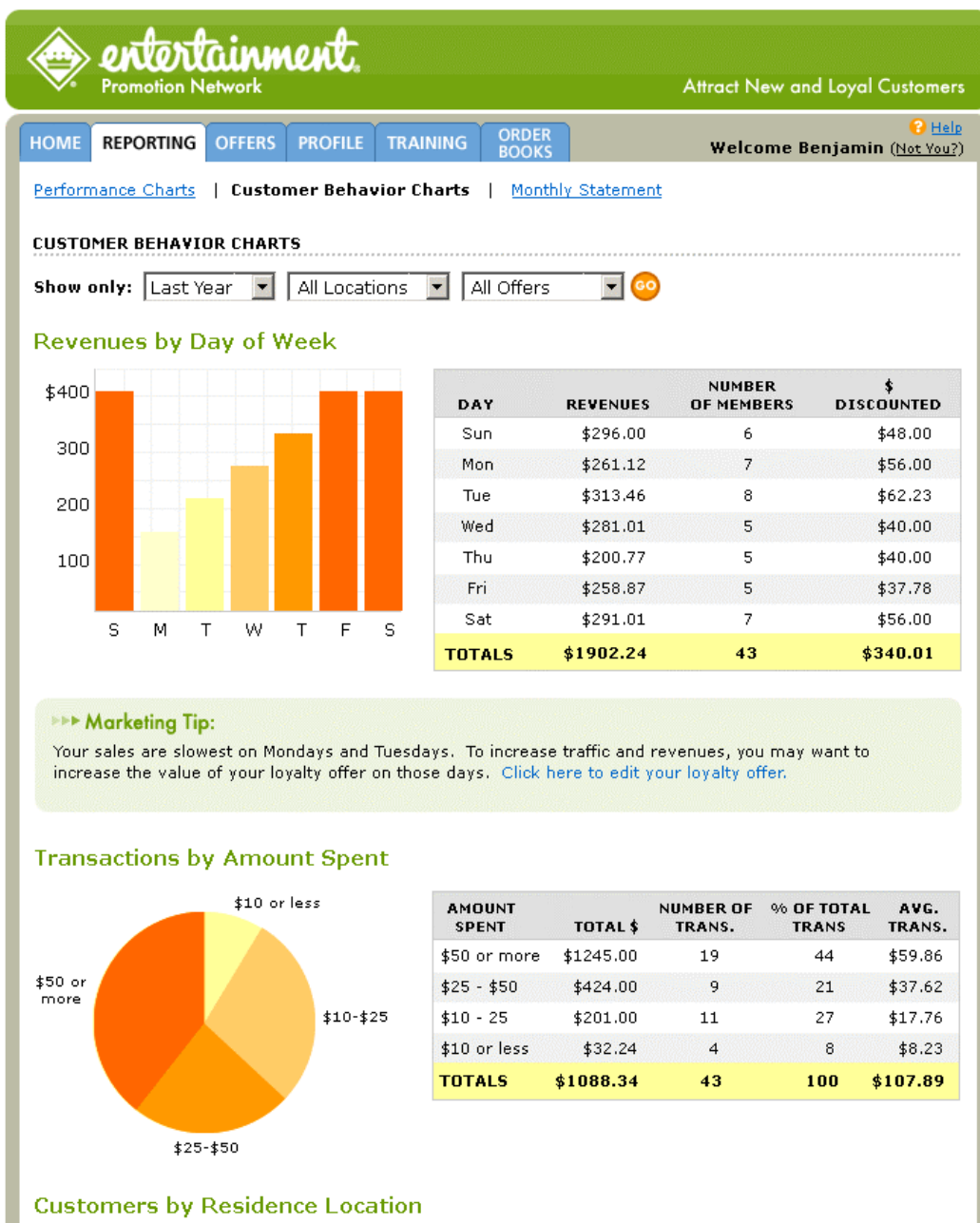
	CURRENT DISCOUNT	NEW DISCOUNT
MON:	20%	40% ▼
TUES:	20%	20% ▼
WED:	10%	30% ▼
THU:	30%	30% ▼
FRI:	20%	10% ▼
SAT:	20%	Blocked ▼
SUN:	20%	40% ▼

Your Specialty Offers [Help](#)

You can set up Specialty Offers to give to your customers on their birthdays or to your top customers. Your Specialty Offers will add a bonus 10% to your loyalty offer on the day your customer uses them.

Would you like to provide a Birthday offer?

Merchant Tools



Expand Direct Distribution

NEW WEB SITE: OCT 2004

- Vastly improved product & technology
- Leveraging IAC web-talent & best practices

The screenshot shows the Entertainment website interface. At the top, the logo reads "entertainment. The #1 Source for Savings". Navigation tabs include HOME, DINING, SHOPPING, TRAVEL, EVENTS & ATTRACTIONS, and MOVIE TICKETS. A banner for "Get Free Standard Shipping When You Purchase 2 Or More Books!" is displayed. A featured offer states "Save up to 50% at your favorite local restaurants, shops, & more." with sub-points: "Huge discounts you'll use every day." and "Books start at \$25." Below this is a search bar with the text "Discover hundreds of discounts in your neighborhood." and a "GO" button. A section titled "Great discounts on national brands..." lists various partners: Dining (TGI Fridays, McDonald's), Shopping (Foot Locker, Target), Travel (United, Avis, Best Western), Movie Tickets (Regal Cinemas, Loews Cineplex Entertainment), and Groceries (Safeway, Kroger). The footer includes the text "...and hundreds more in your neighborhood*" and a blue bar with "Welcome to the Entertainment Community".

entertainment.
The #1 Source for Savings

Entertainment Members: [Sign in](#)
[Get the Online Savings Subscription\(SM\)](#)

HOME DINING SHOPPING TRAVEL EVENTS & ATTRACTIONS MOVIE TICKETS

Get Free Standard Shipping When You Purchase 2 Or More Books!

Save up to 50%
at your favorite local restaurants, shops, & more.

- ▶ Huge discounts you'll use every day.
- ▶ Books start at \$25.

Discover hundreds of discounts in your neighborhood. **GO**
Enter Your Zip Code

Own an Entertainment Book? [Register Your Book](#)

Already know what you're looking for? [Buy Now](#)

Great discounts on national brands...

Dining	Shopping	Travel	Movie Tickets	Groceries

...and hundreds more in your neighborhood*

Welcome to the Entertainment Community

Media to Drive Direct-to-Consumer Sales

FREE TRIAL!

Print Savings for up to 50% Off!

YOUR TOWN. YOUR SAVINGS.

entertainment.

100% ENJOYMENT

50% SAVINGS

The Entertainment® Savings Book features discounts up to 50% on everything from restaurants, hotels and movies to home supplies and car repair. Book prices range from \$25 to \$45. **Order now. Get \$5 off plus FREE shipping!**

Visit entertainment.com/BHG or call 1-866-265-6709

DINING | TRAVEL | SHOPPING | ATTRACTIONS | SERVICES

entertainment.

Up to 50% off on Movie Tickets & Dinner.

GET GREAT COUPONS FROM THE ENTERTAINMENT SAVINGS BOOK

TICKET

FREE SHIPPING! CLICK HERE.

Click-n-Clip!

Print Coupons Straight from your computer!

Entertainment.com's Savings Subscription!

SAVE MONEY! Free 10 Day Trial! Clip Here!

- Utilize Mix of Online & Offline Media
- Book Sales
- Online Savings Subscriptions

IAC / Local Services

Q&A