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

Marios Restaurant

Enjoy one complimentary LUNCH OR DINNER ENTREE when a second LUNCH OR DINNER ENTREE of equal or greater value is purchased.
valid anytime

SeaWorld Adventure Parks

J.CREW

United

Foot Locker

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
- **Including alcohol, tobacco, & fluid dairy products
- Coupon valid at all Denver Division (Colorado) Safeway Stores

$5.00 Value

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. **Including alcohol, tobacco, & fluid dairy products. Coupon valid at all Denver Division (Colorado) Safeway Stores.

Valid now thru November 1, 2004

More Savings At entertainment.com

Not valid with other discount offers, unless specified. Coupon void if purchased, sold, or barred for cash.
Discount Products

- Merchant Database
- Local Coupon Books
- Online Memberships
- Private Label Programs

IAC InterActiveCorp
## Value Propositions

<table>
<thead>
<tr>
<th>CONSUMERS</th>
<th>MERCHANTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ 50% Savings</td>
<td>▪ New Customers</td>
</tr>
<tr>
<td>▪ Great Local Places</td>
<td>▪ Pay-for-Performance</td>
</tr>
<tr>
<td>▪ Everyday Savings</td>
<td>▪ (No Risk &amp; 100% Trackable)</td>
</tr>
<tr>
<td>▪ Easy to Use</td>
<td>▪ Tools to Manage Promotions</td>
</tr>
<tr>
<td></td>
<td>▪ Loyalty Feature Drives Repeat</td>
</tr>
</tbody>
</table>
Solid Penetration & Loyal Consumers

~8% CURRENT HOUSEHOLD PENETRATION

~16% IN TOP TEN MARKETS

~21% IN TOP THREE MARKETS

EPI's CONSUMERS ARE LOYAL

- 77% Repeat Purchasers
- 39% Have Purchased for Five Years or More
- 85% Plan to Purchase Again Next Year

Source: 2002 EPI Attitude & Usage Study

Source: 2001 RUF Study; Internal Sales Data
## Impressive Usage & Redemption Statistics

<table>
<thead>
<tr>
<th>CONSUMERS:</th>
<th>MERCHANTS:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SIGNIFICANT USAGE</strong></td>
<td><strong>STRONG REDEMPTION</strong></td>
</tr>
<tr>
<td>25 OFFERS PER YEAR</td>
<td>2,000 to 3,000 per year</td>
</tr>
</tbody>
</table>

### How Often Do You Redeem Offers in the Entertainment Book?

- **25 Times Per Year or More**: 57%
- **12 Times Per Year (i.e., Once / Month)**: 25%
- **Less Than 12 Times Per Year**: 18%

### Annual Sales

- **CONSUMERS DRIVE $7 BILLION IN ANNUAL SALES**
- **AVERAGE MERCHANT RECEIVES $75,000 - $115,000 IN ANNUAL SALES FROM EPI**

### Merchant Renewal Rate

- **~77% LOCAL**
- **~92% NATIONAL**

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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

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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
Consumers will receive an email transaction confirmation within a couple days.

Dear [Customer Name],

[Company Name] 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

Transaction Savings Detail:

<table>
<thead>
<tr>
<th>Date</th>
<th>Merchant Name</th>
<th>Offer Type</th>
<th>Category</th>
<th>Redeemable</th>
<th>Purchase</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/10</td>
<td>TGIF</td>
<td>50% off</td>
<td>Casual Dining</td>
<td>1 per month</td>
<td>$50</td>
<td>$12</td>
</tr>
</tbody>
</table>

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!

<table>
<thead>
<tr>
<th>Merchant Name</th>
<th>Offer Type</th>
<th>Category</th>
<th>Redeemable</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>[Merchant Name]</td>
<td>20% off total bill</td>
<td>Fine Dining</td>
<td>Every Visit</td>
<td></td>
</tr>
<tr>
<td>[Other Merchant Name]</td>
<td>20% off total bill</td>
<td>Fine Dining</td>
<td>Every Visit</td>
<td></td>
</tr>
</tbody>
</table>

Take advantage of these other great offers from your local merchants!

Customers who redeemed similar offers also saved at:

(Distances are sorted by distance from your billing office)

**DINING**

- **Sushi Roku**
  - Save 50% on total bill (Mon - Thu)
  - Distance: 0.5 miles
  - (Map)

- **Milan’s Cucina**
  - Save 50% on total bill (Mon - Thu)
  - Distance: 0.2 miles
  - (Map)
### Monthly Credit Card Statement

**ACCOUNT SUMMARY FOR JOHN SMITH**  
**ACCOUNT NUMBER: 9487 9657 4111 5781**

**A RECORD OF YOUR CHARGES AND CREDITS**

<table>
<thead>
<tr>
<th>Transaction Date</th>
<th>Posting Date</th>
<th>Reference Number</th>
<th>Transaction Description</th>
<th>Credits</th>
<th>Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/10</td>
<td>7/13</td>
<td>24610435003S37F55</td>
<td>TGIF</td>
<td>50.00</td>
<td></td>
</tr>
<tr>
<td>7/11</td>
<td>7/14</td>
<td>24610434403P3On1V</td>
<td>Ikea</td>
<td>85.00</td>
<td></td>
</tr>
<tr>
<td>7/14</td>
<td>7/17</td>
<td>24610434403PQ2N3</td>
<td>Ent. Discount - TGIF</td>
<td>-12.00</td>
<td></td>
</tr>
<tr>
<td>7/15</td>
<td>7/18</td>
<td>24610435003S37F55</td>
<td>Exxon Mobil</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7/19</td>
<td>7/22</td>
<td>24610435003S37F55</td>
<td>Papa Johns Pizza</td>
<td>30.00</td>
<td></td>
</tr>
<tr>
<td>7/20</td>
<td>7/23</td>
<td>24610434403P3On1V</td>
<td>Tower Records</td>
<td>18.50</td>
<td></td>
</tr>
<tr>
<td>7/21</td>
<td>7/24</td>
<td>24610434403PQ2N3</td>
<td>Bamboo Grill</td>
<td>57.00</td>
<td></td>
</tr>
<tr>
<td>7/23</td>
<td>7/26</td>
<td>24610435003S37F55</td>
<td>Ent. Discount - Papa J</td>
<td>-15.00</td>
<td></td>
</tr>
<tr>
<td>7/24</td>
<td>7/27</td>
<td>24610435578R7F551</td>
<td>Rudy’s Barbershop</td>
<td>75.00</td>
<td></td>
</tr>
<tr>
<td>7/25</td>
<td>7/28</td>
<td>246104352113S5635</td>
<td>Ent. Discount - Bamboo G</td>
<td>-14.00</td>
<td></td>
</tr>
</tbody>
</table>

| 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

**Your Introductory Offer will look like this:**
- Enjoy 50% off your total bill - maximum discount of $9.

### Your Loyalty Offer

**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:**

<table>
<thead>
<tr>
<th>DAY</th>
<th>CURRENT DISCOUNT</th>
<th>NEW DISCOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>MON</td>
<td>20%</td>
<td>40%</td>
</tr>
<tr>
<td>TUES</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>WED</td>
<td>10%</td>
<td>30%</td>
</tr>
<tr>
<td>THU</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>FRI</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>SAT</td>
<td>20%</td>
<td>Blocked</td>
</tr>
<tr>
<td>SUN</td>
<td>20%</td>
<td>40%</td>
</tr>
</tbody>
</table>

### Your Specialty Offers

**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

Revenues by Day of Week

<table>
<thead>
<tr>
<th>DAY</th>
<th>REVENUES</th>
<th>NUMBER OF MEMBERS</th>
<th>% DISCOUNTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sun</td>
<td>$296.00</td>
<td>6</td>
<td>$48.00</td>
</tr>
<tr>
<td>Mon</td>
<td>$261.12</td>
<td>7</td>
<td>$56.00</td>
</tr>
<tr>
<td>Tue</td>
<td>$313.46</td>
<td>0</td>
<td>$62.23</td>
</tr>
<tr>
<td>Wed</td>
<td>$281.01</td>
<td>5</td>
<td>$40.00</td>
</tr>
<tr>
<td>Thu</td>
<td>$200.77</td>
<td>5</td>
<td>$40.00</td>
</tr>
<tr>
<td>Fri</td>
<td>$258.87</td>
<td>5</td>
<td>$37.78</td>
</tr>
<tr>
<td>Sat</td>
<td>$291.01</td>
<td>7</td>
<td>$56.00</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$1982.24</strong></td>
<td><strong>43</strong></td>
<td><strong>$340.01</strong></td>
</tr>
</tbody>
</table>

Marketing Tip:
Your sales are slowest on Mondays and Tuesdays. To increase traffic and revenues, you may want to increase the value of your loyalty offer on those days. Click here to edit your loyalty offer.

Transactions by Amount Spent

<table>
<thead>
<tr>
<th>AMOUNT SPENT</th>
<th>TOTAL $</th>
<th>NUMBER OF TRANSACTIONS</th>
<th>% OF TOTAL TRANSACTIONS</th>
<th>AVERAGE $</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50 or more</td>
<td>$1245.00</td>
<td>19</td>
<td>44</td>
<td>$59.86</td>
</tr>
<tr>
<td>$25 - $50</td>
<td>$424.00</td>
<td>9</td>
<td>21</td>
<td>$37.62</td>
</tr>
<tr>
<td>$10 - 25</td>
<td>$201.00</td>
<td>11</td>
<td>27</td>
<td>$17.76</td>
</tr>
<tr>
<td>$10 or less</td>
<td>$32.24</td>
<td>4</td>
<td>8</td>
<td>$8.06</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>$1088.34</td>
<td>43</td>
<td>100</td>
<td>$107.89</td>
</tr>
</tbody>
</table>

Customers by Residence Location
Expand Direct Distribution

NEW WEB SITE: OCT 2004

- Vastly improved product & technology
- Leveraging IAC web-talent & best practices
Media to Drive Direct-to-Consumer Sales

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