

PRICELINE.COM INCORPORATED
AUDIT COMMITTEE CHARTER

INTRODUCTION AND PURPOSE

The Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting and financial reporting practices and the audits of the Company. It may also have such other duties as may from time to time be assigned to it by the Board. In general, its activities include:

- Overseeing the Company's relationship with the independent auditors, including discussing with the auditors the overall scope, plans and fees of the annual audit, receiving and reviewing audit reports, and providing the auditors full access to the Committee to report on any and all appropriate matters.
- Discussing with a representative of management and the independent auditors: (1) the financial information contained in the Company's Annual Report on Form 10-K prior to its filing, (2) the Company's year-end earnings announcement, and (3) the results of the audit of such information by the independent auditors. These discussions may be held with the Committee as a whole or with the Committee chair in person or by telephone.
- Discussing with a representative of management and the independent auditors: (1) the interim financial information contained in the Company's Quarterly Report on Form 10-Q prior to its filing, (2) the Company's Quarterly earnings announcements, and (3) the results of the review of such information by the independent auditors. These discussions may be held with the Committee as a whole or with the Committee chair in person or by telephone.
- Reviewing internally or third-party prepared reports on internal controls, including any internal audit activities and discussing with management and the independent auditors the results of such reports.
- Discussing with management and the independent auditors the quality and adequacy of, and compliance, with the Company's internal control over financial reporting.
- Discussing with management and/or the Company's general counsel any legal matters (including the status of pending litigation) that may have a material impact on the Company's financial statements, and any material reports or inquiries from regulatory or governmental agencies.

The Committee's job is one of oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements and for the effectiveness of internal control over financial reporting. Management and the internal auditing department are responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out a proper audit of the Company's annual financial statements, reviews of the Company's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, annually auditing management's assessment of the effectiveness of internal control over financial reporting (commencing in the fiscal year ending December 31, 2004), and other procedures. The Committee and the Board recognize that management and the independent auditors have more resources and time, and more detailed knowledge

and information regarding the Company's accounting, auditing, internal control and financial reporting practices than the Committee does; accordingly the Committee's oversight role does not provide any expert or special assurances as to the financial statements and other financial information provided by the Company to its stockholders and others.

The independent auditors shall submit to the Committee annually a formal written statement of the fees billed in each of the last two fiscal years for each of the following categories of services rendered by the independent auditors: (i) the audit of the Company's annual financial statements and the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q or services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements; (ii) assurance and related services, not included in clause (i), that are reasonably related to the performance of the audit or review of the Company's financial statements, in the aggregate and by each service; (iii) tax compliance, tax advice and tax planning services, in the aggregate and by each service; and (iv) all other products and services rendered by the independent auditors, in the aggregate and by each service.

RESPONSIBILITIES:

Although the Committee may wish to consider other duties from time to time, the general recurring activities of the Committee in carrying out its oversight role are described below. The Committee shall be responsible for:

- Making all decisions relating to appointing, compensating, overseeing and retaining the independent auditors and any registered public accounting firm engaged (or nominated for stockholder approval) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company. The Committee shall have sole authority to engage in these activities, including the resolution of disagreements between management and the independent auditors. The independent auditors shall report directly to the Committee and are ultimately accountable to the Board and the Committee as representatives of the stockholders.
- Discussing with management the timing and process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner, and considering whether there should be a regular rotation of the audit firm itself.
- Evaluating the performance of the independent auditors and, where appropriate, replacing such auditors.
- Obtaining annually from the independent auditors a formal written statement describing all relationships between the auditors and the Company, consistent with Independence Standards Board Standard No. 1. The Committee shall actively engage in a dialogue with the independent auditors with respect to any relationships that may impact the objectivity and independence of the auditors and shall take or recommend that the Board take appropriate actions to oversee and satisfy itself as to the auditors' independence.
- Reviewing the annual audited financial statements and discussing them with management and the independent auditors. These discussions shall include the matters required to be discussed under Statement of Auditing Standards No. 61 as may be modified or supplemented and other such inquiries as the Committee or the independent auditors shall deem appropriate. Based on such review, the Committee shall make its recommendation to the Board as to the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K.

- Issuing annually a report to be included in the Company's proxy statement as required by the rules of the Securities and Exchange Commission.
- Pre-approving all audit and non-audit services to be provided by the independent auditor. The Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by the independent auditors, provided that any such approvals are presented to the Committee at its next scheduled meeting.
- Obtaining from the independent auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing all critical accounting policies and practices used, all alternative treatments of financial information within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors and management, and any material written communications between the independent auditors and management, such as any "management" letter or schedule of unadjusted differences.
- Inquiring of the Company's chief executive officer and chief financial officer as to the existence of any significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial data and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.
- Establishing hiring policies for employees or former employees of the independent auditors.
- Establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.
- Reviewing and approving all related party transactions (defined as transactions required to be disclosed by Item 404 of Regulation S-K) on an on-going basis.
- Reviewing and reassessing the adequacy of this charter on an annual basis and recommending any changes to the full Board of Directors.

RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE

The Audit Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special or independent counsel, accountants or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the Board or management.

The Company shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of:

1. Compensation to the independent auditors and any other public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;

2. Compensation of any advisers employed by the Committee; and
3. Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

COMPOSITION AND ORGANIZATION

The membership of the Committee shall consist of at least three directors, and the composition of the Committee shall comply with the rules of National Association of Securities Dealers, Inc. (“NASD”) and the Sarbanes Oxley Act of 2002 (the “2002 Act”) with regard to the independence and financial literacy of Committee members. Pursuant to the 2002 Act, the Committee will contain at least one Committee member who is an “audit committee financial expert”, as defined by the Securities and Exchange Commission.

The Committee shall maintain free and open communication with the independent auditors, any internal auditors and Company management. In discharging its oversight role, the Committee is empowered to investigate any matter relating to the Company’s accounting, auditing, internal control or financial reporting practices brought to its attention, with full access to all Company books, records, facilities and personnel.

One member of the Committee shall be appointed as chair by the Board. The chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, approving agendas and making regular reports to the Board. The chair will also maintain regular liaison with the Chief Executive Officer, Chief Financial Officer and the lead independent audit partner. At least quarterly the Committee shall have separate private meetings with the independent auditor, management and the director of the internal auditing department.

Adopted: January 26, 2004