



## News Release

### ***Modern Auto Retailer Zag Reaches Profitability through Consistent Growth***

*Company's innovative platform continues to gain strength and reports 77% growth in July 2009, and 73% for Q2 2009*

**SANTA MONICA, Calif., September 3, 2009** — Zag.com, Inc., the innovative auto-buying platform for many of the nation's largest brands, today announced that it has reached profitability despite the current turmoil in the automotive sector and the worst economic downturn in recent history. Zag reported a 25% month over month increase in sales in July and a 77% increase over July 2008, while total U.S. auto industry sales were down 12% during the same period (according to Autodata).

Zag has shown consistent sales growth throughout 2009, even before the popular Cash for Clunkers program, posting growth rates far higher than the U.S. auto industry as a whole. In Q2 2009, Zag sales increased 73% compared to Q2 2008 whereas total U.S. light vehicle retail sales decreased 32% during the same time period. The company has sold over 66,000 cars since its inception and anticipates 8,000 car sales for August.

"A culture of accountability and transparency has allowed us to offer a great service, and now, to announce that we've reached profitability," says Scott Painter, Zag CEO. "During a downturn, it is helpful to have a product that helps people save money, but in order to be successful you have to have operating discipline. For us, the most important tenets are having the right people, persistent cost cuts, and an accountable culture."

Zag, which facilitates car sales online by connecting buyers from the nation's most well known and respected brands with its nationwide network of more than 2,000 certified dealers, has saved consumers more than \$138 million off of MSRP of new cars sold.

The company's success comes from the combination of a very modern approach to auto retail and efficient management by a team of industry leaders.

"Our focus is on providing USAA members with a hassle-free car-buying experience that saves them money, and Zag helps us do that. Our members have already saved over \$85 Million off of MSRP of new cars sold," said Tim Booker, Vice President of Consumer Lending with USAA Federal Savings Bank. "Each month, more than 225,000 USAA members use the service to build and research vehicle purchases and find dealers."

USAA became an investor in Zag, a testament to the value of Zag's business model.

Zag uses group-buying power to offer lower, upfront prices to consumers from dealers while those buyers are still online. As a result, dealers on the Zag program are thriving because of the access to a high volume of motivated car buyers that are "in-market" which helps fuel more car sales.

"The Zag program has been the best new vehicle program I have seen - both for the dealer and the customer," said Ray Reilly, General Manager of Liberty Toyota Scion Superstore. "As soon as we partnered with Zag, we saw immediate sales growth and our car sales continue to increase month over month. Zag has helped us succeed in what has been a very difficult year for dealerships."

Zag's affinity partner program works exclusively with over 30 top brands such as USAA, American Express, AAA, Capital One, and Overstock.com, who are able to offer their customers another highly valuable service – a better way to buy a car.

### **About Zag**

Zag ([www.zag.com](http://www.zag.com)) has created a better way to buy a car. Zag operates a robust auto-shopping, research and pricing technology platform that saves buyers money by concentrating group-buying power, while providing a superior car-buying experience by presenting guaranteed up-front pricing and a no-hassle delivery process with a select group of dealers. Zag provides its platform on a private label basis to affinity buying groups, such as USAA, AAA, American Express, Overstock.com, Liberty Mutual, Administaff and Capital One Auto Finance. Zag is based in Santa Monica, Calif.

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