



For Immediate Release

**ZAG ACQUIRES AUTOMOTIVE INVITATIONAL SERVICES,
AUTO-BUYING SERVICE FOR MORE THAN 6 MILLION AAA MEMBERS**

*Deal Underscores Company's Strategic Focus on Affinity Buying Groups,
Enables Members to Complete More Auto-Buying Tasks Both Online and Offline*

SANTA MONICA, Calif. (June 13, 2006) – Zag (www.zag.com), an automotive retail innovator, today announced its acquisition of Automotive Invitational Services (AIS), an auto-buying program operator that serves more than six million members of 12 of the clubs of the American Automobile Association (AAA).

Through its groundbreaking technology and services platform, Zag will provide these AAA members with a better car buying experience – one that allows them to complete more of the auto-buying transaction online. Zag also simplifies the offline research and buying process, providing call center and broker services for those consumers who prefer offline transactions – enabling AAA members to shop for and purchase their new or used car however they choose.

AAA, one of the most trusted brands in automotive services, offers its members access to its car-buying service. AIS operates the auto-buying program for 12 different AAA clubs in the Midwest and Northeast, with a current offering that enables consumers to research vehicles and locate dealers that will offer the members prearranged upfront no hassle pricing, with red carpet treatment.

Zag's state-of-the-art automotive transaction platform makes it possible, for the first time, for the consumer to configure a vehicle, get an upfront, no-haggle price and

locate that vehicle in a dealer's inventory. The six million AAA members that AIS now serves will have a superior way to not only allow members to research a vehicle but also get an up-front price down to and including options.

"We are delighted to be joining a revolutionary new company with powerful technology and a fresh take on car-buying," said Shelly Goldman, founder and CEO of AIS. "Zag's approach will help us deliver to AAA members a private-label auto-buying program that enables them to spec the car they want, price it online and pinpoint that car in inventory – and that's just the beginning." Goldman and much of his team will remain with Zag as the two companies integrate.

"For consumers, there are few brands in the automotive space more respected than AAA," said Scott Painter, founder and CEO, Zag. "AIS understands the trust that consumers place in membership organizations and the higher expectations they have for personalized service. As it drives sales, this acquisition will further our goal of helping affinity groups like AAA provide tailored, online destinations to their members so they can help their members to save time and money."

Zag's acquisition of AIS is part of a long-term strategy to grow the number of affinity buying groups and member organizations – such as AAA, consumer rewards programs, large employers and trade unions – that it services.

Last November, Zag purchased Autoland, the nation's oldest and most successful Credit Union auto-buying service. Autoland, which serves some 300 Credit Unions along the Pacific Coast, is a wholly owned subsidiary of Zag and functions as an autonomous business unit. Capital One Auto Finance, the nation's largest online auto lender, has also standardized on the Zag platform, which underlies the financial company's private-label DriveOne program that launched in test markets this spring.

Zag provides its platform as a private-label solution to affinity buying groups, working with a nationwide network of financial institutions, dealers and aftermarket fulfillment partners to offer these buyers turnkey solutions and lower prices.

About Zag

Zag is an independent technology and services business, committed to dramatically improving

the way consumers buy cars while simultaneously helping dealers enable sales. Zag is transforming the auto-buying experience with a groundbreaking online platform that extends current online buying capabilities – and soon will make it possible for consumers to complete the entire auto-buying transaction online. Zag's platform goes beyond research-related websites to give consumers upfront pricing and inventory availability for new and used cars, and the ability to configure a new vehicle and arrange financing online. Over the next year, the company will roll out additional capabilities that will enable a complete, end-to-end online transaction for the first time. Zag works with affinity-based organizations to bring a private label, customized experience to members or customers while automating much of the time-consuming, inefficient processes at the dealership level. The company is based in Santa Monica, Calif., with offices in Sherman Oaks, Calif., Fullerton, Calif., and Portland, Ore.

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