



**ZAG CLOSES SERIES B1 EQUITY FINANCING WITH \$8.1 MILLION
FROM CAPITAL ONE AUTO FINANCE, ANTHEM VENTURES,
ARCTURUS CAPITAL**

SANTA MONICA, Calif. (Aug. 24, 2005) – Closing another successful round of fundraising, Zag (www.zag.com) announced today that the company has raised \$8.1 million in equity financing from a group of business and automobile industry investors.

Leading the round is Capital One Auto Finance, accompanied by Anthem Ventures, Arcturus Capital, prominent car dealers and dealer groups, and other industry pioneers as co-investors.

In addition, two Capital One Auto Finance executives have joined Zag's board of directors: Dave Lawson, CEO of Capital One Auto Finance; and Brian Reed, vice president of Internet & Direct Lending for Capital One Auto Finance.

Zag will use the proceeds to continue development of its groundbreaking online platform that makes it possible, for the first time, for the consumer to complete the entire auto-buying transaction online – everything from selection, customization and accessorizing to financing, insurance and delivery. Zag will make its platform available on a private label basis to automotive dealers, and affinity and membership organizations to help them provide a greater level of value and service.

“Our plans to improve the car-buying and selling process have received an enthusiastic response within the industry, as our continued fundraising success demonstrates,” said Scott Painter, Zag founder and CEO. “We’re rapidly building out our network of partnerships with dealers, insurers, finance companies and other third parties to bring the consumer a unique and hassle-free auto-buying experience.”

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 developing a technology and services platform that makes it possible for consumers to shop, research, configure, price and complete the entire auto-buying transaction online. 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, California with offices in Sherman Oaks, Calif., Fullerton, Calif., and Portland, Ore.

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