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30 DAYS
ON THE INTERNET

Galaxy Automotive Report

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30 DAYS
ON THE INTERNET

Automotive

Executive Summary

Everyone is shopping, but few are buying. At least that is how many automotive manufacturers must feel. However, there is light at the end of the tunnel.

More than 21 million Internet users sought automotive information online in 1999, reported Cyber Dialogue. Automobile shopping is now the third most common product category sought online, behind only books and travel.

However, Cyber Dialogue also found that direct online purchases remain rare: of the 8.4 million users who made a car purchase after seeking information on the Internet, only 2% did so directly online. New car purchases informed by Internet research accounted for \$100 billion in spending; direct online sales of cars accounted for only \$5 billion in spending.

Europe is experiencing the same phenomenon. A new report from Cartrack finds that “35 percent of European Internet users engaged in the car buying process are willing to buy a new or used car online. German and Italian users are particularly keen, with 41 percent saying they were ready to buy a car on the Internet, while only 30 percent of British users felt ready to do the same.”

The demand is clearly solid in the automotive market. However, for a purchase of this magnitude, consumers appear to want to “kick the tires” and would miss the opportunity to haggle over the price.

Used car buying has the same number of people searching, but used car dealers are seeing a higher buying rate as noted by a recent Gartner Group survey which revealed that “32 percent of all U.S. households that purchased a pre-owned vehicle from September 1999 through March 2000 used the Internet in their buying process”. The buying rate was projected at 5-8% of direct online sales.

One company who validates this trend is AutoNation Inc. In 1999, they reported “selling \$1 billion worth of used cars via its web site AutoNationDirect.com over the past year.”

An often over looked area of the automotive industry is after-market parts, truly a sector that can benefit from the Internet. If you have ever looked for the right side door of a 1967 Fastback Mustang, you can appreciate the Internet's ability to offer a nationwide search for this obscure part. Unfortunately, this area has not received much attention from the researchers and relatively little is known about the actual dollars flowing through the Internet for after-market parts.

One opportunity for car dealers that I have yet to experience is the use of the Internet for service calls. Wouldn't it be great to have the same kind of access to calculators in the automotive world that we have in health and finance? Also, car dealers should allow customers to sign up for appointments online and also email the customer when the car is ready for pickup. A service that would automatically post my car's history from the dealer's service records, would certainly get my attention. They have the marketing database technology in place to mail me a postcard about my oil change, but they don't interact with me online or provide me opportunity to track my car's history with them.

It is no surprise that the top automotive sites are not the manufacturers, but instead the sites that provide the information consumers desire in the car buying process. Leading the list is Carpoint. This site is run by Microsoft's MSN and has a solid collection of automotive links. Second is the leading price comparison source in the online and offline world, the Kelly Blue Book. Fortunately, there are enough sites, so if one doesn't tell you that your old used car is worth more than you thought, you can always try another one.

Among the manufacturers, Chevrolet and Ford battle it out, much like they do in the offline world. Look to the manufacturers to begin consolidating the "pure plays" into their portfolios in the coming years.

Media Metrix July-00 Auto Resources	
Sector Rank	Property
1	Carpoint.com
2	Kelly Blue Book.com
3	Carclub.com
4	Cars.com
5	Edmunds.com
6	Autobytel.com
7	Autoweb.com
8	Autotrader.com
9	Switchouse.com
10	Ebaymotors.com

Media Metrix July-00 Auto Manufacturers	
Sector Rank	Property
13	Chevrolet.com
14	Ford.com
19	Toyota.com
22	Honda.com
29	Buick.com
30	DaimlerChrysler.com
35	Volvocars.com
47	Pontiac.com
48	VW.com
53	Saturn.com
61	BMW.com

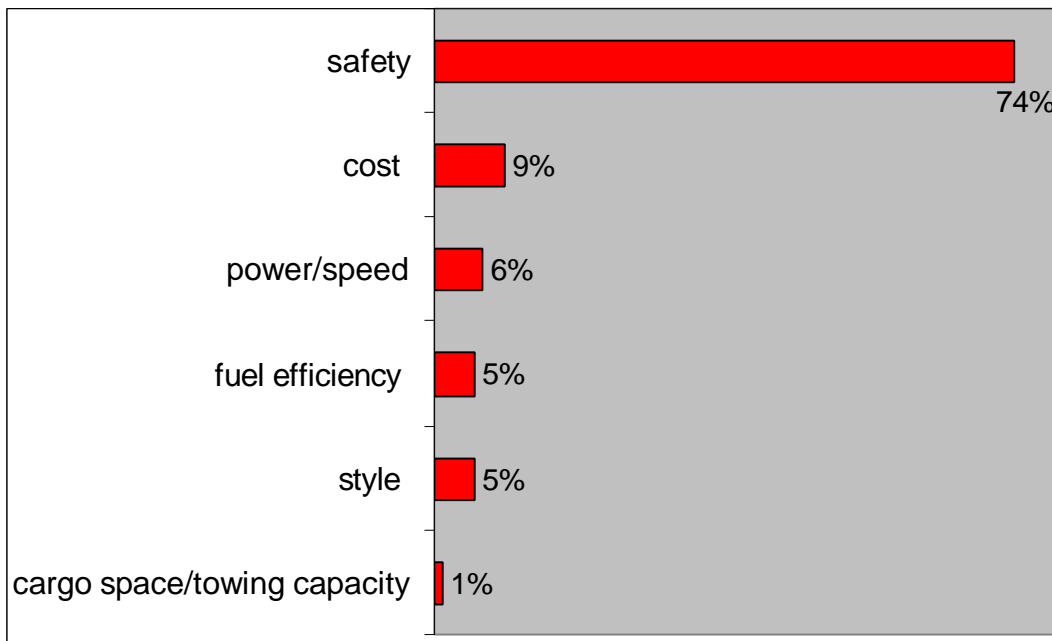
Source: Media Metrix.

Galaxy Survey



The Galaxy Poll on September 5, 2000, asked users what quality is most important to them in a vehicle. Safety far outweighed all other categories bringing in 74% of the vote. Cost was second with a low 9% followed by power/speed (6%), fuel efficiency (5%), style (5%) and cargo space/towing capacity (1%).

What is most important in a vehicle?



The Galaxy Top 10

About.com: Cars

<http://cars.about.com/autos/cars/>

You can drive a straight path through this site, which is quite nice since there are so links to turn off and hop to another page. The left hand margin is dedicated to more than two dozen car-related subjects including: New and Used Car Sales, Car Magazines, Car Clubs, Car Museums, Cars and The Environment, Women and Cars, Roads and Routes, and Car Newsgroups to name but a few. In The Spotlight offers articles from the fun (like the recent piece about which car would best suit which member of the TV show "Survivor") to the practical (how to shop for cars online.) The "Did You Know?" area has smart advice, like how to change a tire. Still more articles are featured in the "Essentials" department. And you can sign up for a newsletter and join others for online car chat.

Autopedia

<http://autopedia.com/>

Autopedia is like an old reliable pick-up truck. You won't find tons of flashiness or an excess of unnecessary "equipment." What you will find is a list of links to all things auto-related. Get information on recalls, lemons, warranties, and repair services. Learn how to negotiate a good car deal. Find ratings for tires, accessories and safety. Use the loan calculator to figure out if you really can afford your dream car. Use the Car-Finder feature to seal a deal with a local sales lot you'll need to be ready to buy and know exactly what model and specifications. Once you enter your info, local dealers will call you with their bids.

Autoweb

<http://www.autoweb.com.au/>

G'day, mates. If you're shopping for a car in Australia, Autoweb is the site for you. Actually, even if you're stateside, there's still plenty of helpful information to be had. Nearly three hundred articles from AutoSpeed Magazine are available to give you the low down on many makes and models, as well as accessories and everything else you're driven to know about cars. There's plenty to help you decide on the best new car for you: A New Car Guide, New Car Tests, and New Car Reviews. The Automotive News Department gives you the rundown on international car news. And hey, while you're at Autoweb, check out information on Australia's cheapest new vehicle - the Daewoo Matiz. Interesting name. Cool looking, too.

Car Talk

<http://cartalk.cars.com/>

If you're already a fan of Tom and Ray Magliozzi - aka Click and Clack - from their NPR radio show or their nationally syndicated column, Car Talk, you already know why you need to bookmark this site. If you're sitting there asking, "Click and who?" allow us to

explain. Tom and Ray provide hysterical commentary on cars, cars cars -- from buying them to fixing up the one you have. They answer listener and reader questions, often not wasting time sparing the feelings of the dedicated owner of a hunk o'junk. There's lots of fun stuff at the site, but there's serious stuff, too. If you already have a car you want to keep running, or if you're in the market for a new or used car, the easy-to-navigate site will take you quickly to answers to all your car questions. Time Kill Central will give you plenty of distractions from your work -- from trivia to postcards to a "Hate Mail Generator." You can sign up for a weekly newsletter, get in on the action by emailing the guys, or chat with other Car Talk fanatics in the Good Carma section.

Department of Commerce: Office of Automotive Affairs

<http://www.ita.doc.gov/td/auto/>

If this Web site were a car, it would be something safe, practical and no nonsense. So don't go clicking here in hopes of a joy ride. As with many things government related, this site, which is brought to you by the Department of Commerce's Office of Automotive Affairs, is fully loaded with Important Official Information. Why is that? Because the OAA exists to "facilitate and expand global business opportunities for US automotive vehicle and parts manufacturers." (Oh, wait, you already knew that?) Besides a detailed mission statement, industry folks who visit the site will also find information on: Industry Data, Quick Facts, Market Research, APEC Auto Dialogue, Trade Agreements, Import Requirements, Trade Promotions, Industry Links and more.

Edmund's

<http://edmunds.com:80/>

The Edmund's company has been around since the '60's providing car and truck reviews in their magazines. Their Web site was the first on the Internet to provide free auto pricing information. They've got auto reviews, articles to educate the consumer, lessons on how to track down incentives and rebates, road and safety test results, and automotive world news. In their Town Hall department, you can interact with other car enthusiasts and auto shoppers.

Kelley Blue Book

<http://www.kbb.com:80/>

Anyone who's ever owned a car has probably heard the term "blue book value." And most of us know this term refers to how much you can realistically expect to sell your used car for (or what to pay for a "new" used car.) But, by applause, how many of you know where the term originated? We'll give you a hint: Les Kelley, who started selling used cars in 1918, used this reference (typically used not for cars but high society) in a book he published in 1926. Okay, now go to the site to find out the rest. And while you're there, have some fun. Even if you aren't shopping for a car, find out what your current vehicle's estimated value is. Go back in time and calculate the worth of all the cars you've owned. Fantasize about the future with pricing and reviews for new cars. And if you are

in the market to buy or sell, you'll find out how to do so online. There's info on financing and insurance, too.

National Highway Traffic Safety Association

<http://www.nhtsa.dot.gov:80/>

Pretty zippy site considering that it's run by the government and, really, just how exciting can vehicular safety information be? The answer is: very. The National Highway Traffic Safety Association part of the US Department of Transportation. NHSTA aims to reduce motor vehicle-related deaths, injuries and economic loss. Basically, they're the folks who get to smash cars for a living. And they don't even get in trouble for calling their "co-workers" dummies. Check out the site for advisories, recalls, testing results, research and development and how your car rates for safety.

Sympatico: Automotive

<http://www.bc.sympatico.ca/Contents/Automotive/index.html>

Sympatico: Automotive is the Web site ready to meet all your Canadian driving needs. Buy or sell your car -- there are listings from around Canada. Check out Auto Highlights, Auto Reviews, Auto News, and Auto Concepts and Prototypes. An onsite tool allows you to compare two cars. There's a forum for you to discuss all your car concerns with others like you. There's safety and repair help, too. And if you want more more more, there are links to dozens of automobile and motorcycle magazines -- great no matter what country you live in.

Woman Motorist

<http://www.womanmotorist.com/index.shtml>

Some folks scoff at women-only Web sites. But face it -- it can still be difficult for women to be taken seriously when they shop for cars, though women buy an awful lot of them. Besides, don't let the name fool you. Woman Motorist has so much information that, regardless of gender, if you're looking for a car, or car-related stories, you're bound to find what you need right here. Check out departments such as: Car Shopping, Car Reviews, Maintenance, Technology, Safety, Racing and more. There's a glossary to keep you up to date on car lingo and definitions. And a place to chat about your car experiences. Get travel tips and read first person car stories, too.

Financial Analysis

The overall industry sector of Automobiles and Parts is down 14.9% year to date. Within the category, Automobiles are down 3%, Tires are down 56.5% and Auto Parts are down 34.1% for year. With the recent recalls, expect this trend to continue in the short term. The DJIA is down .85% and the NASDAQ .3% year to date.

30 Days Financial Analysis
In Millions

<u>Company</u>	<u>Status</u>	<u>Ticker</u>	<u>Closing Price</u> <u>9/5/00</u>	<u>Tot Rev</u> <u>Q1, Q2 99</u>	<u>Tot Rev</u> <u>Q1, Q2 00</u>	<u>% change</u>
About.com: Cars	Public	BOUT	40.06	6.08	35.94	491.1
Autopedia	Private					
Autoweb	Public	AWEB	1.69	9.18	30.98	237.5
Car Talk (Cars.com)	Private					
Dept of Commerce: Auto Affairs	Gov't					
Edmund's	Private					
Kelly Blue Book	Private					
Nat. Highway Traffic Safety	Gov't					
Sympatico: Automotive	International					
Woman Motorist	Private					

<u>Company</u>	<u>Q1 FY 00</u>	<u>Q2 FY 00</u>	<u>% change</u>	<u>Trailing 12</u> <u>Months revenue</u>	<u>Market Cap</u>
About.com: Cars	15.81	20.13	27.3	56.82	798.80
Autopedia					
Autoweb	15.79	15.19	3.8	51.0	53.5
Car Talk (Cars.com)					
Dept of Commerce: Auto Affairs					
Edmund's					
Kelly Blue Book					
Nat. Highway Traffic Safety					
Sympatico: Automotive					
Woman Motorist					

<u>Company</u>	<u>EBITDA</u> <u>(ttm)</u>	<u>P/E</u>	<u>ROE%</u>	<u>EPS (ttm)</u>	<u>Cash (and</u> <u>Equivalents)</u> <u>(mrq)</u>	<u>Sector</u> <u>Average</u> <u>P/E+</u>
About.com: Cars	-45.5	NA	-30.20	-3.55	144.5	116.9
Autopedia						
Autoweb	-22.6	NA	-39.7	-.99	37.8	333.3
Car Talk (Cars.com)						
Dept of Commerce: Auto Affairs						
Edmund's						
Kelly Blue Book						
Nat. Highway Traffic Safety						
Sympatico: Automotive						
Woman Motorist						

+ Twelve Months

Company, Officers, Locations and Descriptions

About.com: Cars

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About.com, Inc. is an Internet news, information and entertainment service consisting of a network of over 700 web sites, each of which focuses on a specific topic and is managed by a human guide. For the 6 months ended 6/30/00, revenues totaled \$35.9M, up from \$6.1M. Net loss applic. to Common decreased 4% to \$32M. Revenues reflect an increase in the number of advertisers and user traffic. Lower loss was partially offset by higher amortization cost.

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William C. Day, Pres./COO

Todd B. Sloan, CFO.

Autopedia

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Autoweb

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Phone: (408) 970-9100

AWEB is an automotive Internet service which centralizes automotive-related commerce, content and community offerings to assist consumers in researching, evaluating & buying new and pre-owned vehicles. For the 6 months ended 6/30/00, revenues totaled \$31M, up from \$12.8M. Net loss totaled \$13.2M, up from \$5.4M. Results reflect higher levels of dealer fees revenue, offset by increased advertising and personnel hiring expenses.

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Thomas L. Stone, CFO/Treas.

Catherine Gordon, VP

David Greene, VP

Car Talk (Cars.com)

Click and Clack's web site.

Department of Commerce: Automotive Affairs

U.S. Government

Edmunds

Santa Monica, California

Edmunds.com was the first site on the Internet to provide automobile pricing information at no cost. Edmunds.com also provides extensive automobile reviews, consumer information, information about incentives and rebates, expert analysis of late-breaking developments in the automotive world. Edmunds.com's Town Hall, an easy-to-scan online conversation area for feedback and questions from other auto shoppers, is one-of-a-kind, a unique and powerful resource for auto shoppers and enthusiasts.

Kelley Blue Book

In 1918, a young man named Les Kelley parked three Model T Fords in an open lot, put \$450 in the till and started the Kelley Kar Company. It was to become the largest dealership in the world and, along the way, spawn a need for placing values on used cars, known as "Blue Book values." The Blue Book has become the most popular automotive book in the United States. Today, you see a Kelley Blue Book that is steeped in tradition but still an innovative leader in the automotive industry. On the Internet since late 1995, we now generate millions of pricing reports for new and used cars every month.

National Highway Traffic Safety Association

U.S. Government

Sympatico:Automotive

Canadian Internet Service

Woman Motorist

CyberAd Media, Inc. is an advertising sales and multimedia publishing company. We specialize in traditional online advertising and sponsorship campaigns for our own holdings.

Sources:

Cyber Dialogue, April 2000.

Tom McCall, Gartner Group, August 2000.

MediaMetrix, July 2000.

AMT Research: Profiling the European Online Car Buyer, Jul 05 2000

(AutoNation Inc., Dec. 24, 1999)



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