

Follow the Leaders Interview – January 2007**Michael J. Harley, President/COO,**
Payless Car Sales, Inc.2350 34th Street North
St. Petersburg, FL 33713
Phone: 727-323-0943 Ext. 816
Email: MHarley@PaylessCarSales.com**1. STRATEGY & COMPANY MISSION*****What are now the basic strategy and mission of the Company***

Our mission at Payless Car Sales, Inc. is three-fold: to provide our customers with like-new vehicles at used car prices with quality products and services that protect their investment and provide peace of mind in a comfortable and stress free environment; to provide our franchise dealers with the superior service and support needed to assist them in growing their bottom-line profits and taking their dealership to its next level; and to, in that process, build the largest nationally recognized and trusted "quality pre-owned" vehicle sales franchise system in the United States and beyond.

Strategy:

To offer the consumer a branded alternative to corporately owned mega-dealers, super-stores and the unknown quantity of the individual independent used car dealer.

To build a "Best of Breed" brand and earn consumers trust in the Payless name by partnering only the best independent dealers into our System and insure that they maintain our high standards.

To provide "real" value for a rapid ROI in our Payless brand to every one of our franchised dealers.

2. MARKETING OBJECTIVES FOR 2007 & BEYOND***What are the focused sales & marketing objectives for your company in the next year?***

Our marketing and sales efforts are focused on doing everything possible to help each of our dealers to increase the number of units sold monthly and on brand expansion. We want all of our dealers, at minimum, to exceed the national average of 37 sold units per month and expect to reach our System goal of 100 franchises by the end of this year.

Franchising, like every business, is a numbers game. Each time we add a new franchisee the value of the System increases at every level. Everyone benefits: the consumer because there are more Payless outlets to choose from; the franchisee because the strength of the System, its ability to attract, and negotiate with vendors and lenders is further enhanced; and the System because its brand recognition factor expands greatly.

3. MARKET OPPORTUNITIES***What do you see as your company's biggest opportunities in next year?***

Expansion into ten new states! We have targeted two regions for a focused effort on development; northeast and northwest.

Currently, we have ten Payless dealerships in South Florida, six of which are in Greater Miami. One of the things we've noticed is that when you develop mass in a given area, lots of good things begin to happen. Franchisees begin to work more closely with one another and to their common good which results in more sales for everyone. This year we will put a great deal of effort into replicating this type of phenomena in other major metropolitan areas across the country.

We recently signed a "master franchise" agreement for brand expansion into

Canada. Last year international expansion was not even on the radar, but interest in our franchise system has definitely spread beyond the confines of the US. 2007 will be the year Payless Car Sales goes Global.

4. MANAGEMENT CHALLENGES***What are the major or specific market challenges for your management team in 2007?***

Our biggest challenge is to continue to find ways to help our dealers grow their bottom-line. Increasing dealer profits, making our operations more efficient, staying one step ahead of our competition and building our dealer base are top priorities.

In today's marketplace and world of rapid technological change dealers can not afford to get left behind. Those who resist change will, in time, perish. Keeping our franchisees informed, motivated and on the cutting edge of changes in the industry will continue to be a challenge.

It's important to the success of any organization that its members keep an open mind and be willing to be educated along the way. The dealers that we recruit are all good businessmen and women – independent entrepreneurs. When they join into the Payless System, they've got to understand the importance of working as a team. Successful franchise systems have learned that team play and good communication are the key ingredients to growing a brand.

5. INDUSTRY & MARKET SITUATION***What is your assessment of the automotive market & the industry right now?***

Domestic manufacturers and their new car franchises are experiencing a significant softening in the demand for their products. Their problems have been amplified with the public's increased use of the Internet for both research and shopping for price.

It's certainly no secret that selling used vehicles is more profitable than selling new ones. Every day, more and more consumers are learning that buying a quality "certified pre-owned" vehicle makes a lot more sense than buying a new one and watching it depreciate 15-30% the second they drive it off the dealers lots. Of course, that doesn't happen at Payless Car Sales. Our dealers are not tied to any one manufacturer's products. With no such restraints, they have the flexibility to floor-plan a wide array of current to five year old, like-new pre-owned vehicles, keeping their inventories fresh based on the sometimes daily changes in demand.

6. MOST SIGNIFICANT ACCOMPLISHMENT***What have been your company's biggest accomplishments in the past year?***

There are three recognized accomplishments for 2006; lender/vendor relationships, franchise ranking and internet strategy.

A great deal of our success has come from the type and quality of the relationships we've been able to build with the leading vendors, and lenders, in the Automotive Industry. This year we made some significant advances in this area by establishing national "preferred partnership" programs with Credit Acceptance Corporation, Capital One Auto Finance, Fifth/Third Bank and CitiFinancial Group to name just a few.

We are very proud of being listed on Franchise Times "Top 200 Franchises" for 2006. With this kind of national recognition and continued growth, lenders and other vendors have come to see Payless Car Sales as not just another independent, but as a close-knit and cohesive System of quality pre-owned dealers with increasing sales and a brand that is steadily increasing its recognition, acceptance and trust with the car buying public. Supporting our dealers and providing the consumer with quality products and services has been essential to our continued success.

We have had great success with our internet marketing/search engine optimization program. In 2006, we received over 1.5 million unique visitors shopping at www.PaylessCarSales.com.