UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to

Commission File Number 1-34761

Autobytel Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**33-0711569**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

18872 MacArthur Boulevard, Suite 200
Irvine, California 92612-1400
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code (949) 225-4500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $0.001 per share	The Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Based on the closing sale price of $4.77 for our common stock on The NASDAQ Capital Market on June 28, 2013, the aggregate market value of outstanding shares of common stock held by non-affiliates was approximately $42 million.

As of February 18, 2014, 8,909,737 shares of our common stock were outstanding.

Documents Incorporated by Reference

Portions of our Definitive Proxy Statement for the 2014 Annual Meeting, expected to be filed within 120 days of our fiscal year end, are incorporated by reference into Part III of the original Annual Report on Form 10-K.

EXPLANATORY NOTE

This Form 10-K/A Amendment No. 1 ("**Amendment**") is being filed by Autobytel Inc., a Delaware corporation ("**Company**" or "**Autobytel**"), to amend its Annual Report on Form 10-K for the year ended December 31, 2013, originally filed with the Securities and Exchange Commission ("**SEC**") on February 20, 2014 ("**Original Form 10-K**"). The sole purpose of this Amendment is to amend the table in Footnote 10 to the Notes to Consolidated Financial Statements that reports the unaudited pro forma consolidated results of operations, assuming the acquisition of all of the issued and outstanding membership interests in AutoUSA, LLC had occurred on January 1, 2013 and 2012, respectively. This Amendment corrects an inadvertent error in the table included in the Original Form 10-K in which the reported revenue and net income numbers for the twelve months ended December 31, 2013 and 2012, respectively, were reversed. No updates or other changes are made to the Consolidated Financial Statements or the Notes thereto included in the Original Form 10-K. The corrected table included in Footnote 10 to the Notes to Consolidated Financials included in this Amendment reads as follows:

The unaudited pro forma consolidated results of operations, assuming the acquisition had occurred on January 1, 2013 and 2012, respectively, are as follows:

	Twelve Months Ended December 31, 2013	Twelve Months Ended December 31, 2012
	(in thousands)	
Unaudited pro forma consolidated results:		
Revenue	$104,461	$95,888
Net income	$39,614	$2,722

PART II

Item 8. ***Financial Statements and Supplementary Data***

Our Consolidated Balance Sheets as of December 31, 2013 and 2012 and our Consolidated Statements of Income and Comprehensive Income, Stockholders' Equity and Cash Flows for each of the years in the two-year period ended December 31, 2013, together with the report of our independent registered public accounting firm, begin on page F-1 of this Amendment on Form 10-K/A and are incorporated herein by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) The following documents are filed as a part of this Amendment on Form 10-K/A:

(1) *Financial Statements:*

	Page
Index	F-1
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Income and Comprehensive Income	F-4
Consolidated Statements of Stockholders' Equity	F-5
Consolidated Statements of Cash Flows	F-6
Notes to Consolidated Financial Statements	F-7

(2) *Financial Statement Schedules:*

Schedule II—Valuation and Qualifying Accounts	F-30

All other schedules have been omitted since the required information is presented in the financial statements and the related notes or is not applicable.

(3) *Exhibits:*

The exhibits filed or furnished as part of this Amendment on Form 10-K/A are listed in the Index to Exhibits immediately preceding such exhibits, which Index to Exhibits is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 29th day of April, 2014.

AUTOBYTEL INC.

By: /s/ JEFFREY H. COATS
Jeffrey H. Coats
President, Chief Executive Officer and Director

AUTOBYTEL INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Income and Comprehensive Income	F-4
Consolidated Statements of Stockholders' Equity	F-5
Consolidated Statements of Cash Flows	F-6
Notes to Consolidated Financial Statements	F-7

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Autobytel Inc.

We have audited the accompanying consolidated balance sheet of Autobytel, Inc. (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for the years then ended. Our audits also included the financial statement schedule listed in the index at Item 15 for the year ended December 31, 2013. These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Autobytel, Inc. as of December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 8 to the consolidated financial statements, the Company has reversed $37.5 million of the valuation allowance recorded for deferred tax assets as of December 31, 2013. Our opinion is not modified with respect to this matter.

/s/ MOSS ADAMS LLP

Los Angeles, CA
February 20, 2014

AUTOBYTEL INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per-share and share data)

	December 31, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 18,930	$ 15,296
Accounts receivable, net of allowances for bad debts and customer credits of $405 and $426 at December 31, 2013 and 2012, respectively	14,178	10,081
Deferred tax asset	3,517	-
Prepaid expenses and other current assets	506	504
Total current assets	37,131	25,881
Property and equipment, net	1,548	1,593
Long-term strategic investment	2,500	-
Intangible assets, net	1,821	1,539
Goodwill	13,602	11,677
Long-term deferred tax asset	31,135	-
Other assets	456	77
Total assets	$ 88,193	$ 40,767
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 5,267	$ 3,837
Accrued expenses and other current liabilities	7,649	5,377
Deferred revenues	(1)	168
Total current liabilities	12,915	9,382
Convertible note payable	5,000	5,000
Borrowings under credit facility	4,250	-
Other non-current liabilities	1,200	620
Total liabilities	23,365	15,002
Commitments and contingencies (Note 4)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 11,445,187 shares authorized; none outstanding	-	-
Common stock, $0.001 par value; 55,000,000 shares authorized; 8,909,737 and 8,855,400 shares issued and outstanding at December 31, 2013 and 2012, respectively	9	9
Additional paid-in capital	307,171	306,252
Accumulated deficit	(242,352)	(280,496)
Total stockholders' equity	64,828	25,765
Total liabilities and stockholders' equity	$ 88,193	$ 40,767

The accompanying notes are an integral part of these consolidated financial statements.

AUTOBYTEL INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(in thousands, except per-share data)

	Years Ended December 31,	
	2013	2012
Revenues:		
Lead fees	$ 74,732	$ 63,109
Advertising	3,289	3,524
Other revenues	340	169
Total revenues	78,361	66,802
Cost of revenues (excludes depreciation of $76 in 2013 and $118 in 2012)	47,915	40,530
Gross profit	30,446	26,272
Operating expenses:		
Sales and marketing	9,612	8,536
Technology support	7,303	6,848
General and administrative	9,554	7,852
Depreciation and amortization	1,450	1,717
Litigation settlements	(316)	(273)
Total operating expenses	27,603	24,680
Operating income	2,843	1,592
Interest and other income, net	237	139
Income tax provision (benefit)	(35,064)	344
Net income and comprehensive income	$ 38,144	$ 1,387
Basic earnings per common share	$ 4.29	$ 0.15
Diluted earnings per common share	$ 3.61	$ 0.15

The accompanying notes are an integral part of these consolidated financial statements.

AUTOBYTEL INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)

	Common Stock		Additional		
	Number of Shares	Amount	Paid-In Capital	Accumulated Deficit	Total
Balance, December 31, 2011	9,224,345	$ 46	$ 306,733	$ (281,883)	$ 24,896
Repurchase of common stock	(379,811)	(2)	(1,453)	-	(1,455)
Share-based compensation	-	-	915	-	915
Reduction in par due to reverse stock split	-	(35)	35	-	-
Issuance of common stock upon exercise of stock options	10,866	-	22	-	22
Net income	-	-	-	1,387	1,387
Balance, December 31, 2012	8,855,400	9	306,252	(280,496)	25,765
Share-based compensation	-	-	705	-	705
Issuance of common stock upon exercise of stock options	54,337	-	214	-	214
Net income	-	-	-	38,144	38,144
Balance, December 31, 2013	8,909,737	$ 9	$ 307,171	$ (242,352)	$ 64,828

The accompanying notes are an integral part of these consolidated financial statements.

AUTOBYTEL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,	
	2013	**2,012**
Cash flows from operating activities:		
Net income	$ 38,144	$ 1,387
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,875	2,162
Provision for bad debt	92	164
Provision for customer credits	511	391
Share-based compensation	704	910
Gain on long-term strategic investment	(108)	(132)
Change in deferred tax assets	(35,495)	-
Changes in assets and liabilities:		
Accounts receivable	(4,610)	(492)
Prepaid expenses and other current assets	6	67
Other non-current assets	(246)	-
Accounts payable	1,416	756
Accrued expenses and other current liabilities	1,620	628
Deferred revenues	(175)	(48)
Non-current liabilities	598	13
Net cash provided by operating activities	4,332	5,806
Cash flows from investing activities:		
Purchase of Advanced Mobile	(1,824)	-
Investment in AutoWeb	(2,500)	-
Investment in SaleMove	(150)	-
Purchase of intangible assets	(16)	-
Change in short-term investment	-	400
Change in long-term strategic investment	108	326
Purchases of property and equipment	(670)	(772)
Net cash used in investing activities	(5,052)	(46)
Cash flows from financing activities:		
Repurchase of common stock	-	(1,455)
Borrowings under credit facility	4,250	-
Net proceeds from stock option exercises	215	27
Payment of contingent fee arrangement	(111)	(245)
Net cash provided by (used in) financing activities	4,354	(1,673)
Net increase in cash and cash equivalents	3,634	4,087
Cash and cash equivalents, beginning of period	15,296	11,209
Cash and cash equivalents, end of period	$ 18,930	$ 15,296
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 135	$ 24
Cash paid for interest	$ 324	$ 300

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Operations of Autobytel

Autobytel Inc. ("**Autobytel**" or the "**Company**") is an automotive marketing services company that assists automotive retail dealers ("**Dealers**") and automotive manufacturers ("**Manufacturers**") market and sell new and used vehicles through its programs for online lead referrals ("**Leads**"), Dealer marketing products and services, and online advertising programs and mobile products.

The Company's consumer-facing automotive websites ("**Company Websites**"), including its flagship website Autobytel.com®, provide consumers with information and tools to aid them with their automotive purchase decisions and the ability to submit inquiries requesting Dealers to contact the consumers regarding purchasing or leasing vehicles ("**Vehicle Leads**"). For consumers who may not be able to secure loans through conventional lending sources, the Company Websites provide these consumers the ability to submit inquiries requesting Dealers or other lenders that may offer vehicle financing to these consumers to contact the consumers regarding vehicle financing ("**Finance Leads**"). The Company's mission for consumers is to be "Your Lifetime Automotive Advisor®" by engaging consumers throughout the entire lifecycle of their automotive needs.

The Company was incorporated in Delaware on May 17, 1996. Its principal corporate offices are located in Irvine, California. The Company's common stock is listed on The NASDAQ Capital Market under the symbol ABTL.

On July 11, 2012, the Company implemented a 1-for-5 reverse split of the Company's common stock, $0.001 par value per share ("**Reverse Stock Split**"). Trading of the common stock on a post-Reverse Stock Split adjusted basis on The NASDAQ Capital Market began on July 12, 2012. Since there was no change in the par value of the common shares, the stock split was effective as a reverse stock dividend. All share and per share amounts and all options and other common stock derivatives, including their exercise/conversion prices, for all periods presented have been adjusted to reflect the Reverse Stock Split as though it had occurred as of the earliest period presented.

Effective October 1, 2013 ("**Advanced Mobile Acquisition Date**"), the Company acquired substantially all of the assets of privately-held Advanced Mobile, LLC, a Delaware limited liability company, and Advanced Mobile Solutions Worldwide, Inc., a Delaware corporation (collectively referred to in this Annual Report on Form 10-K as "**Advanced Mobile**"). Advanced Mobile provides mobile marketing solutions (e.g., mobile applications, mobile portals, mobile websites, text-chat, mobile text marketing, self-service mobile messaging, quick response codes, text messaging, short message service and multimedia service) for the automotive industry. Text chat provides a web-based portal that allows Dealers to centrally manage text communications. The acquired assets consisted primarily of customer contracts, technology license rights and rights in domain names and short codes used for SMS texting. As a result of the acquisition, the Company will offer Manufacturers and Dealers the ability to connect with consumers using text communication via a secure platform. In addition, Autobytel will offer Dealers a comprehensive suite of mobile products, including mobile apps, mobile websites, Send2Phone capabilities and text message marketing. Advanced Mobile's results of operations are included in the Company's consolidated financial statements beginning October 1, 2013.

On January 13, 2014 ("**AutoUSA Closing Date**"), Autobytel and AutoNation, Inc., a Delaware corporation ("**Seller Parent**"), and AutoNationDirect.com, Inc., a Delaware corporation and subsidiary of Seller Parent ("**Seller**"), entered into and consummated a Membership Interest Purchase Agreement in which Autobytel acquired all of the issued and outstanding membership interests in AutoUSA, LLC, a Delaware limited liability company and a subsidiary of Seller ("**AutoUSA**"). AutoUSA, a competitor to the Company, is a (i) lead aggregator purchasing internet-generated automotive consumer leads from third parties and reselling those consumer leads to automotive vehicle dealers; and (ii) reseller of third party products and services to automotive Dealers. See Note 10 of the "Notes to Consolidated Financial Statements" of this Annual Report on Form 10-K.

2. Summary of Significant Accounting Policies

Beginning with the quarter ended September 30, 2013, the Company achieved a position of overall cumulative income in the trailing twelve quarters. Additionally, the Company has achieved three consecutive years of income. With these positive trends, along with the Company's updated future projections prepared in the fourth quarter, the Company determined that it was appropriate to release $37.5 million of the valuation allowance in the quarter ended December 31, 2013. The only valuation allowance remaining is $1.6 million related to California net operating losses that will likely expire unutilized and $4.8 million related to stock option deductions that will be realized in the future years once the deductions reduce income taxes payable. This reversal is a one-time benefit to the consolidated financial statements as of December 31, 2013 and the Company will begin utilizing the deferred tax assets against its pre-tax income prospectively, commencing with the quarter ending March 31, 2014.

Basis of Presentation. The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates in the Preparation of Financial Statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("**U.S. GAAP**") requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include, but are not limited to, allowances for bad debts and customer credits, useful lives of depreciable assets and capitalized software costs, long-lived asset impairments, goodwill and purchased intangible asset valuations, accrued liabilities, contingent payment provisions, debt valuation and valuation allowance for deferred tax assets, warrant valuation and stock-based compensation expense. Actual results could differ from those estimates.

Cash and Cash Equivalents. For purposes of the Consolidated Balance Sheets and the Consolidated Statements of Cash Flows, the Company considers all highly liquid investments with an original maturity of 90 days or less at the date of purchase to be cash equivalents. Cash and cash equivalents represent amounts held by the Company for use by the Company, and are recorded at cost which approximates fair value.

Investments. In August 2010, the Company acquired less than a 5% equity interest in Driverside, Inc. ("**Driverside**"), a non-publicly traded company, for $1.0 million. Driverside provides consumers with a broad set of content, features, tools, technology, systems, products, services and programs related to the efficient ownership of motor vehicles. The Company received 1,352,082 shares of Series C preferred stock in Driverside for its investment. The Company made an additional investment in Driverside in 2011 for $16,737. The Company recorded the investments in Driverside at cost because the Company does not have significant influence over Driverside. In 2011, Driverside merged with another entity and the Company received a cash payment of $823,000, representing the Company's pro rata share of the initial merger consideration. The $823,000 received at closing of the transaction was recorded as a reduction to the Driverside investment on the Company's consolidated balance sheet. In 2012 the Company received $326,000, which represented its pro rata share of contingent payments upon milestones achieved by Driverside. Of the $326,000 received in 2012, $194,000 was recorded as a complete reduction to the investment in Driverside and $132,000 was recorded as other income. In 2013 the Company received $108,000 from Driverside, which represented its pro rata share of amounts released from an escrow account established to satisfy post-closing indemnification claims. The Company recorded the $108,000 as other income. There are no further amounts due associated with the Driverside investment.

In September 2013 the Company entered into a Contribution Agreement with privately-held AutoWeb, Inc., a Delaware corporation ("**AutoWeb**"), in which Autobytel contributed to AutoWeb $2.5 million and assigned to AutoWeb all the ownership interests in the autoweb.com domain name and two registered trademarks related to the AutoWeb name and related goodwill in exchange for 8,000 shares of AutoWeb Series A Preferred Stock, $0.01 par value per share. The 8,000 shares of AutoWeb Series A Preferred Stock are convertible into AutoWeb common stock on a one-for-one basis (subject to adjustments for stock splits, stock dividends, combinations and recapitalizations) and represented 16% of all issued and outstanding common stock of AutoWeb as of September 18, 2013, on a fully diluted basis, as of this date. The Company also obtained an option to acquire an additional 5,000 shares of AutoWeb Series A Preferred Stock at a per share exercise price of $500, which option expires September 2015. In connection with this investment, the Company also entered into arrangements with AutoWeb to use the AutoWeb pay-per-click, auction-driven automotive marketplace technology platform as both a publisher and as an advertiser. Upon the occurrence of a liquidation event (i.e., a liquidation, dissolution or winding up of AutoWeb; a consolidation or merger where AutoWeb is not the surviving entity; a consolidation or merger where AutoWeb is the surviving entity and either (i) the rights of the Series A Preferred Stock are changed, or (ii) the Series A Preferred Stock is exchanged for cash, securities or property; or a sale or transfer of all or substantially all of AutoWeb's assets), the Series A Preferred Stock is entitled to a liquidation preference of the greater of (i) $1,000 per share (subject to adjustments for stock splits, stock dividends, combinations and recapitalizations); and (ii) the amount that would be distributed with respect to AutoWeb's common stock, assuming full conversion of the Series A Preferred Stock into common stock.

In September 2013 the Company invested $150,000 in SaleMove, Inc., a Delaware corporation, ("**SaleMove**") in the form of a convertible promissory note. The convertible promissory note accrues interest an annual rate of 6.0% and is due and payable in full on August 14, 2015 unless converted prior to the maturity date. The convertible note will be converted into preferred stock of SaleMove in the event of a preferred stock financing by SaleMove of at least $1.0 million prior to the maturity date of the convertible note. The Company recorded the $150,000 note as an other long-term asset on the Consolidated Balance Sheet as of December 31, 2013.

Accounts Receivable. Credit is extended to customers based on an evaluation of the customer's financial condition, and when credit is extended, collateral is generally not required. Interest is not normally charged on receivables.

Allowances for Bad Debts and Customer Credits. The allowance for bad debts is an estimate of bad debt expense that could result from the inability or refusal of customers to pay for services. Additions to the estimated allowance for bad debts are recorded to sales and marketing expenses and are based on factors such as historical write-off percentages, the current business environment and known concerns within the current aging of accounts receivable. Reductions in the estimated allowance for bad debts due to subsequent cash recoveries are recorded as a decrease in sales and marketing expenses. As specific bad debts are identified, they are written-off against the previously established estimated allowance for bad debts with no impact on operating expenses.

The allowance for customer credits is an estimate of adjustments for services that do not meet the customer requirements. Additions to the estimated allowance for customer credits are recorded as a reduction of revenues and are based on the Company's historical experience of: (i) the amount of credits issued; (ii) the length of time after services are rendered that the credits are issued; (iii) other factors known at the time; and (iv) future expectations. Reductions in the estimated allowance for customer credits are recorded as an increase in revenues. As specific customer credits are identified, they are written-off against the previously established estimated allowance for customer credits with no impact on revenues.

If there is a decline in the general economic environment that negatively affects the financial condition of the Company's customers or an increase in the number of customers that are dissatisfied with their services, additional estimated allowances for bad debts and customer credits may be required and the impact on the Company's business, results of operations or financial condition could be material.

Contingencies. From time to time the Company may be subject to proceedings, lawsuits and other claims. The Company assesses the likelihood of any adverse judgments or outcomes of these matters as well as potential ranges of probable losses. The Company records a loss contingency when an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. The amount of allowances required, if any, for these contingencies is determined after analysis of each individual case. The amount of allowances may change in the future if there are new material developments in each matter. Gain contingencies are not recorded until all elements necessary to realize the revenue are present. Any legal fees incurred in connection with a contingency are expensed as incurred.

In October 2013 the Company entered into an agreement with SaleMove to become the exclusive provider to the automotive industry of SaleMove's technology for enhancing communications with consumers. SaleMove's patent-pending technology allows Dealers and Manufacturers to enhance the online shopping experience by interacting with consumers in real-time, including live video, audio and text-based chat or by phone. The Company and SaleMove will equally share in revenues from automotive-related sales of the SaleMove products and services. In connection with this reseller arrangement, the Company committed to advance SaleMove up to $1.0 million to fund SaleMoves' fifty percent share of various product development, marketing and sales costs and expenses, with the advanced funds to be recovered by the Company from SaleMove's share of sales revenue.

Fair Value of Financial Instruments. The Company records its financial assets and liabilities at fair value, which is defined under the applicable accounting standards as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measure date. The Company uses valuation techniques to measure fair value, maximizing the use of observable outputs and minimizing the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs include management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

The total consideration paid as part of the acquisition of privately-held Autotropolis, Inc., a Florida corporation, and Cyber Ventures, Inc., a Florida corporation (collectively referred to in this Annual Report on Form 10-K as "**Cyber**") on September 17, 2010 ("**Cyber Acquisition Date**") included contingent consideration of up to $1.0 million. On the Cyber Acquisition Date, a liability was recognized for an estimate of the Cyber Acquisition Date fair value of the contingent consideration based on the probability of achieving the targets and the probability weighted discount on cash flows. The fair value of the contingent consideration arrangement as of the Cyber Acquisition Date was $526,000. We paid a total of $689,000 in contingent consideration as of December 31, 2013. Differences beyond the initial value of $526,000 were expensed to general and administrative expense on the Company's Consolidated Statement of Income and Comprehensive Income. There are no further contingent consideration payments due. The fair value of the contingent consideration was estimated using a Monte Carlo Simulation. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement. The key assumptions in applying the Monte Carlo Simulation consisted of minimum, maximum and modal values for the expected quarterly incremental Lead volume, close rate index and gross margin growth rate as well as a triangular distribution assumption. Future changes in fair value of the contingent consideration, as a result of changes in significant inputs, could have a material effect on the Statement of Income in the period of the change.

Cash equivalents, accounts receivable, net of allowance, accounts payable and accrued liabilities, are carried at cost, which management believes approximates fair value because of the short-term maturity of these instruments.

Concentration of Credit Risk and Risks Due to Significant Customers. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, investments and accounts receivable. Cash and cash equivalents are primarily maintained with two financial institutions in the United States. Deposits held by banks exceed the amount of insurance provided for such deposits. Generally these deposits may be redeemed upon demand. Accounts receivable are primarily derived from fees billed to automotive Dealers and automotive Manufacturers.

The Company has a concentration of credit risk with its automotive industry related accounts receivable balances, particularly with AutoNation, General Motors and Urban Science Applications (which represents several Manufacturer programs). During 2013, approximately 30% of the Company's total revenues was derived from these three customers, and approximately 40% or $5.8 million of gross accounts receivable related to these three customers at December 31, 2013.

During 2012, approximately 26% of the Company's total revenues was derived from these three customers, and approximately 33% or $3.5 million of gross accounts receivable related to these three customers at December 31, 2012. In 2012, Urban Science Applications accounted for 14% of total revenues and 10% of the total accounts receivable as of December 31, 2012.

Property and Equipment. Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, generally three years. Amortization of leasehold improvements is provided using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements. Repair and maintenance costs are charged to operating expenses as incurred. Gains or losses resulting from the retirement or sale of property and equipment are recorded as operating income or expenses, respectively.

Operating Leases. The Company leases office space and certain office equipment under operating lease agreements which expire on various dates through 2019, with options to renew on expiration of the original lease terms.

Reimbursed tenant improvements are considered in determining straight-line rent expense, and are amortized over the shorter of their estimated useful lives or the lease term. The lease term begins on the date of initial possession of the leased property for purposes of recognizing rent expense on a straight-line basis over the term of the lease. Lease renewal periods are considered on a lease-by-lease basis and are generally not included in the initial lease term.

Capitalized Internal Use Software and Website Development Costs. The Company capitalizes costs to develop internal use software in accordance with the Internal-Use Software and the Website Development Costs Topics, which require the capitalization of external and internal computer software costs and website development costs, respectively, incurred during the application development stage. The application development stage is characterized by software design and configuration activities, coding, testing and installation. Training and maintenance costs are expensed as incurred while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Capitalized internal use software development costs are amortized using the straight-line method over an estimated useful life of three to five years. Capitalized website development costs, once placed in service are amortized using the straight-line method over the estimated useful life of the related websites. The Company capitalized $82,000 and $193,000 of such costs for the years ended December 31, 2013 and 2012, respectively.

Impairment of Long-Lived Assets. The Company periodically reviews long-lived assets to determine if there is any impairment of these assets. The Company assesses the impairment of these assets, or the need to accelerate amortization, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Judgments regarding the existence of impairment indicators are based on legal factors, market conditions and operational performance of the long-lived assets and other intangibles. Future events could cause the Company to conclude that impairment indicators exist and that the assets should be reviewed to determine their fair value. The Company assesses the assets for impairment based on the estimated future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying amount over its fair value. Fair value is generally determined based on a valuation process that provides an estimate of a fair value of these assets using a discounted cash flow model, which includes many assumptions and estimates. Once the valuation is determined, the Company will write-down these assets to their determined fair value, if necessary. Any write-down could have a material adverse effect on the Company's financial condition and results of operations. The Company did not record any impairment in 2013 but recorded a $68,000 impairment charge in 2012 related to a long-lived asset.

Goodwill. Goodwill represents the excess of the purchase price for business acquisitions over the fair value of identifiable assets and liabilities acquired. The Company evaluates the carrying value of enterprise goodwill for impairment. Testing for impairment of goodwill is a two-step process. The first step requires the Company to compare the enterprise's carrying value to its fair value. If the fair value is less than the carrying value, enterprise goodwill is potentially impaired and the Company then completes the second step to measure the impairment loss, if any. The second step requires the calculation of the implied fair value of goodwill by deducting the fair value of all tangible and intangible net assets from the fair value of the reporting unit. If the implied fair value of goodwill is less than the carrying amount of enterprise goodwill, an impairment loss is recognized equal to the difference. The Company evaluates enterprise goodwill, at a minimum, on an annual basis, in the fourth quarter of each year or whenever events or changes in circumstances suggest that the carrying amount of goodwill may be impaired.

Revenue Recognition. Lead fees consist of vehicle buying lead fees for new and used vehicles, and finance request fees. Fees paid by customers participating in the Company's Lead programs are comprised of monthly transaction and/or subscription fees. Advertising revenues represent fees for display advertising on the Company's websites.

The Company recognizes revenues when evidence of an arrangement exists, pricing is fixed and determinable, collection is reasonably assured, and delivery or performance of service has occurred. Lead fees are generally recognized as revenues in the period the service is provided. Advertising revenues are generally recognized in the period the advertisements are displayed on the Company's websites. Fees billed prior to providing services are deferred, as they do not satisfy all U.S. GAAP revenue recognition criteria. Deferred revenues are recognized as revenue over the periods services are provided.

Cost of Revenues. Cost of revenues consists of Lead and traffic acquisition costs, and other cost of revenues. Lead and traffic acquisition costs consist of payments made to the Company's Lead providers, including internet portals and on-line automotive information providers. Other cost of revenues consists of SEM and fees paid to third parties for data and content, including search engine optimization ("**SEO**") activity, included on the Company's properties, connectivity costs, development costs related to the Company's websites, compensation related expense and technology license fees, server equipment depreciation and technology amortization directly related to the Company's websites. Search engine marketing ("**SEM**"), sometimes referred to as paid search marketing, is the practice of bidding on keywords on search engines to drive traffic to a website.

Income Taxes. The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records a valuation allowance, if necessary, to reduce deferred tax assets to an amount it believes is more likely than not to be realized. During the current period, the Company reversed $37.5 million of the valuation allowance due to the Company's historical earnings and future projections.

As of December 31, 2013, the Company had $0.6 million of unrecognized tax benefits. There were no material changes to our uncertain tax positions during the current period. The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2013, the Company accrued $20,000 of interest associated with our unrecognized tax benefits, and $7,000 of interest expense was recognized in 2013.

Computation of Basic and Diluted Net Earnings per Share. Basic net income per share is computed using the weighted average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted average number of common shares, and if dilutive, potential common shares outstanding, as determined under the treasury stock and if-converted method, during the period. Potential common shares consist of common shares issuable upon the exercise of stock options, common shares issuable upon the exercise of warrants described below and common shares issuable upon conversion of the note described in Note 4.

The following are the share amounts utilized to compute the basic and diluted net earnings per share for the years ended December 31:

	2013	2012
Basic Shares:		
Weighted average common shares outstanding	8,883,357	9,229,817
Weighted average common shares repurchased	-	(233,998)
Basic Shares	8,883,357	8,995,819
Diluted Shares:		
Basic Shares	8,883,357	8,995,819
Weighted average dilutive securities	1,732,596	207,709
Dilutive Shares	10,615,953	9,203,528

For the year ended December 31, 2013, weighted average dilutive securities included dilutive options, warrants and convertible debt. For the year ended December 31, 2012, weighted average dilutive securities included dilutive options.

Potentially dilutive securities representing approximately 1.1 million and 2.5 million shares of common stock for the years ended December 31, 2013 and 2012, respectively, were excluded from the computation of diluted income per share for these periods because their effect would have been anti-dilutive.

Share-Based Compensation. The Company grants restricted stock and stock option awards (the "**Awards**") under several of its share-based compensation Plans (the "**Plans**"), that are more fully described in Note 7. The Company recognizes share-based compensation based on the Awards' fair value, net of estimated forfeitures on a straight line basis over the requisite service periods, which is generally over the awards' respective vesting period, or on an accelerated basis over the estimated performance periods for options with performance conditions.

Restricted stock fair value is measured on the grant date based on the quoted market price of the Company's common stock, and the stock option fair value is estimated on the grant date using the Black-Scholes option pricing model based on the underlying common stock closing price as of the date of grant, the expected term, stock price volatility, and risk-free interest rates.

Business Segment. The Company conducts its business within the United States and within one business segment which is defined as providing automotive and marketing services. The Company's operations are aggregated into a single reportable operating segment based upon similar economic and operating characteristics as well as similar markets.

Advertising Expense. Advertising costs are expensed in the period incurred. Advertising expense in 2013 and 2012 was $1.8 million and $1.2 million, respectively.

Recent Accounting Pronouncements

Accounting Standards Codification "Addition to the Master Glossary." In December 2013, Accounting Standards Update ("**ASU**") No. 2013-12, "Definition of a Public Business Entity" was issued. The objective of this ASU is to minimize the inconsistency and complexity of having multiple definitions of, or a diversity in practice as to what constitutes, a nonpublic entity and a public entity within U.S. GAAP on a going-forward basis. The definition of a public business entity will be used in considering the scope of new financial guidance and will identify whether the guidance does or does not apply to public business entities. There is no actual effective date for the amendment in this update.

3. Acquisition of Advanced Mobile

Effective on the Advanced Mobile Acquisition Date, the Company acquired substantially all of the assets of Advanced Mobile. Advanced Mobile provides mobile marketing solutions (e.g., mobile applications, mobile portals, mobile websites, text-chat, mobile text marketing, self-service mobile messaging, quick response codes, text messaging, short message service and multimedia service) for the automotive industry. The acquired assets consisted primarily of customer contracts, technology license rights and rights in domain names and short codes used for SMS texting. Advanced Mobile was acquired to enable the Company to offer the automotive industry the mobile technology and resources required to exploit the expanding growth in smart phone and tablet use.

The Advanced Mobile Acquisition Date fair value of the consideration transferred totaled $3.4 million which consisted of the following:

		(in thousands)
Cash (including working capital adjustment of $70)	$	2,570
Contingent consideration		825
	$	3,395

The contingent consideration arrangement ("**Contingent Consideration**") requires the Company to pay up to $1.5 million (representing quarterly payments of up to $125,000 beginning first quarter 2014 and ending fourth quarter 2016) of additional consideration to Advanced Mobile if certain revenue and gross profit targets are met. The fair value of the contingent consideration as of the Advanced Mobile Acquisition Date was $825,000. The fair value of the contingent consideration was estimated using a Monte Carlo Simulation. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in ASC 820, Fair Value Measurements and Disclosures. The key assumptions in applying the Monte Carlo Simulation consisted of volatility inputs for both revenue and gross profit, forecasted gross margin, and a weighted-average cost of capital assumption used to adjust forecasted revenue and gross margin for risk.

The following table summarizes the preliminary estimated fair values of the assets acquired and liabilities assumed at the Advanced Mobile Acquisition Date. Because the transaction was completed subsequent to the end of the third quarter of 2013, we have not yet finalized the fair values of the assets and liabilities assumed in connection with the acquisition.

		(in thousands)
Accounts receivable	$	94
Prepaid expenses		9
Net fixed assets and other long-term assets		20
Total tangible assets acquired		123
Accounts payable		27
Other liabilities		6
Total liabilities assumed		33
Net identifiable assets acquired		90
Definite-lived intangible assets acquired		1,380
Goodwill		1,925
Net assets acquired	$	3,395

The preliminary fair value of the acquired intangible assets was determined using the below valuation approaches. In estimating the preliminary fair value of the acquired intangible assets, the Company utilized the valuation methodology determined to be most appropriate for the individual intangible asset being valued as described below. The acquired intangible assets include the following:

	Valuation Method	Estimated Fair Value	Estimated Useful Life (1)
		(in thousands)	(years)
Non-compete agreements	Discounted cash flow (2)	$110	5
Customer relationships	Excess of earnings (3)	450	2
Developed technology	Excess of earnings (3)	820	5
Total purchased intangible assets		$1,380	

(1) Determination of the estimated useful lives of the individual categories of purchased intangible assets was based on the nature of the applicable intangible asset and the expected future cash flows to be derived from the intangible asset. Amortization of intangible assets with definite lives are recognized over the shorter of the respective lives of the agreement or the period of time the assets are expected to contribute to future cash flows.

(2) The non-compete agreement fair values were derived by calculating the difference between the present value of the Company's forecasted cash flows with the agreements in place and without the agreements in place.

(3) The excess of earnings method estimates a purchased intangible asset's value based on the present value of the prospective net cash flows (or excess earnings) attributable to it. The value attributed to these intangibles was based on projected net cash inflows from existing contracts or relationships.

Some of the more significant estimates and assumptions inherent in the estimate of the fair value of the identifiable purchased intangible assets include all assumptions associated with forecasting cash flows and profitability. The primary assumptions used for the determination of the preliminary fair value of the purchased intangible assets were generally based upon the present value of anticipated cash flows discounted at a rate of 26%. Estimated years of projected earnings generally follow the range of estimated remaining useful lives for each intangible asset class.

The goodwill recognized of $1.9 million is attributable primarily to expected synergies and the assembled workforce of Advanced Mobile. The full amount is amortizable for income tax purposes. As of December 31, 2013, there were no changes in the recognized amounts of goodwill resulting from the acquisition of Advanced Mobile.

The Company incurred $0.3 million of acquisition related costs related to Advanced Mobile through December 31, 2013, all of which was expensed.

The following unaudited pro forma information presents the consolidated results of the Company and Advanced Mobile for the twelve months ended December 31, 2013 and 2012, respectively, with adjustments to give effect to pro forma events that are directly attributable to the acquisition and have a continuing impact, but exclude the impact of pro forma events that are directly attributable to the acquisition and are one-time occurrences. The unaudited pro forma information is presented for illustrative purposes only and is not necessarily indicative of the results of operations of future periods, the results of operations that actually would have been realized had the entities been a single company during the periods presented or the results of operations that the combined company will experience after the acquisition. The unaudited pro forma information does not give effect to the potential impact of current financial conditions, regulatory matters or any anticipated synergies, operating efficiencies or cost savings that may be associated with the acquisition. The unaudited pro forma information also does not include any integration costs or remaining future transaction costs that the companies may incur as a result of the acquisition and combining the operations of the companies.

The unaudited pro forma consolidated results of operations, assuming the acquisition had occurred on January 1, 2013 and 2012, respectively, are as follows:

	Twelve Months Ended December 31, 2013	Twelve Months Ended December 31, 2012
	(in thousands)	*(in thousands)*
Unaudited pro forma consolidated results:		
Revenue	$79,083	$67,691
Net income	$38,038	$1,267

4. Selected Balance Sheet Accounts

Property and Equipment

Property and equipment consists of the following:

	As of December 31,	
	2013	2012
	(in thousands)	
Computer software and hardware and capitalized internal use software	$ 11,924	$ 11,729
Furniture and equipment	1,256	1,252
Leasehold improvements	937	892
	14,117	13,873
Less—Accumulated depreciation and amortization	(12,569)	(12,280)
Property and Equipment, net	$ 1,548	$ 1,593

As of December 31, 2013 and 2012, capitalized internal use software, net of amortization, was $0.6 million and $0.8 million, respectively. Depreciation and amortization expense related to property and equipment was $0.7 million for the year ended December 31, 2013. Of this amount, $0.2 million was recorded in cost of revenues and $0.5 million was recorded in operating expenses. Depreciation and amortization expense related to property and equipment was $0.8 million for the year ended December 31, 2012. Of this amount, $0.2 million was recorded in cost of revenues and $0.6 million was recorded in operating expenses.

Investments. In August 2010, the Company acquired less than a 5% equity interest in Driverside, Inc. ("**Driverside**"), a non-publicly traded company, for $1.0 million. Driverside provides consumers with a broad set of content, features, tools, technology, systems, products, services and programs related to the efficient ownership of motor vehicles. The Company received 1,352,082 shares of Series C preferred stock in Driverside for its investment. The Company made an additional investment in Driverside in 2011 for $16,737. The Company recorded the investments in Driverside at cost because the Company does not have significant influence over Driverside. In 2011, Driverside merged with another entity and the Company received a cash payment of $823,000, representing the Company's pro rata share of the initial merger consideration. The $823,000 received at closing of the transaction was recorded as a reduction to the Driverside investment on the Company's consolidated balance sheet. In 2012 the Company received $326,000, which represented its pro rata share of contingent payments upon milestones achieved by Driverside. Of the $326,000 received in 2012, $194,000 was recorded as a complete reduction to the investment in Driverside and $132,000 was recorded as other income. In 2013 the Company received $108,000 from Driverside, which represented its pro rata share of amounts released from an escrow account established to satisfy post-closing indemnification claims. The Company recorded the $108,000 as other income. There are no further amounts due associated with the Driverside investment.

In September 2013 the Company entered into a Contribution Agreement with AutoWeb, in which Autobytel contributed to AutoWeb $2.5 million and assigned to AutoWeb all the ownership interests in the autoweb.com domain name and two registered trademarks related to the AutoWeb name and related goodwill in exchange for 8,000 shares of AutoWeb Series A Preferred Stock, $0.01 par value per share. The 8,000 shares of AutoWeb Series A Preferred Stock represented 16% of all issued and outstanding common stock of AutoWeb as of September 18, 2013, assuming conversion of the Series A Preferred Stock into AutoWeb common stock as of this date. The Company also obtained an option to acquire an additional 5,000 shares of AutoWeb Series A Preferred Stock at a per share exercise price of $500.00, which option expires September 2015. In connection with this investment, the Company also entered into arrangements with AutoWeb to use the AutoWeb pay-per-click, auction-driven automotive marketplace technology platform as both a publisher and as an advertiser. Upon the occurrence of a liquidation event (i.e., a liquidation, dissolution or winding up of AutoWeb; a consolidation or merger where AutoWeb is not the surviving entity; a consolidation or merger where AutoWeb is the surviving entity and either (i) the rights of the Series A Preferred Stock are changed, or (ii) the Series A Preferred Stock is exchanged for cash, securities or property); or a sale or transfer of all or substantially all of AutoWeb's assets), the Series A Preferred Stock is entitled to a liquidation preference of the greater of (i) $1,000 per share (subject to adjustments for stock splits, stock dividends combinations and recapitalizations); and (ii) the amount that would be distributed with respect to AutoWeb's common stock, assuming full conversion of the Series A Preferred Stock into common stock.

In September 2013 the Company entered into a Convertible Note Purchase Agreement in which Autobytel invested $150,000 in SaleMove in the form of a convertible promissory note. The convertible promissory note accrues interest an annual rate of 6.0% and is due and payable in full on August 14, 2015 unless converted prior to the maturity date. The convertible note will be converted into preferred stock of SaleMove in the event of a preferred stock financing by SaleMove of at least $1.0 million prior to the maturity date of the convertible note.

Intangible Assets. The Company amortizes specifically identified intangible assets using the straight-line method over the estimated useful lives of the assets. In connection with the acquisitions of Cyber and Advanced Mobile, the Company identified $5.9 million of intangible assets. The Company's intangible assets will be amortized over the following estimated useful lives (in thousands):

		December 31, 2013			December 31, 2012		
Intangible Asset	Estimated Useful Life	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Trademarks/trade names/licenses/domains	5 years	$ 5,582	$ (5,209)	$ 373	$ 5,540	$ (5,023)	$ 517
Software and publications	3 years	1,300	(1,300)	-	1,300	(992)	308
Customer relationships	3 years	2,320	(1,926)	394	1,870	(1,427)	443
Employment/non-compete agreements	5 years	610	(335)	275	500	(229)	271
Developed technology	5 years	820	(41)	779	-	-	-
		$ 10,632	$ (8,811)	$ 1,821	$ 9,210	$ (7,671)	$ 1,539

Amortization expense is included in "Depreciation and amortization" in the Statement of Income. Amortization expense for intangible assets for the next five years is as follows:

Year	Amortization Expense
	(in thousands)
2014	$ 700
2015	567
2016	195
2017	191
2018	144
	$ 1,797

Goodwill. Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Goodwill is not amortized and is assessed annually for impairment or whenever events or circumstances indicate that the carrying value of such assets may not be recoverable. The Company did not record any impairment related to goodwill as of December 31, 2013 and 2012.

As of December 31, 2013 and 2012, goodwill consisted of the following:

	(in thousands)
Goodwill as of December 31, 2012	$ 11,677
Acquisition of Advanced Mobile	1,925
Goodwill as of December 31, 2013	$ 13,602

Accrued Expenses and Other Current Liabilities

As of December 31, 2013 and 2012, accrued expenses and other current liabilities consisted of the following:

	As of December 31,	
	2013	**2012**
	(in thousands)	
Compensation and related costs and professional fees	$ 3,540	$ 2,006
Other accrued expenses	3,209	2,847
Amounts due to customers	208	149
Other current liabilities	692	375
Total accrued expenses and other current liabilities	$ 7,649	$ 5,377

Long-term debt. In connection with the acquisition of Cyber in September 2010, the Company issued a convertible subordinated promissory note for $5.0 million ("**Convertible Note**") to the sellers. The fair value of the Convertible Note as of the Acquisition Date was $5.9 million. This valuation was estimated using a binomial option pricing method. Key assumptions used in valuing the Convertible Note included a market yield of 15.0% and stock price volatility of 77.5%. As the Convertible Note was issued with a substantial premium, the Company recorded the premium as additional paid-in capital. Interest is payable at an annual interest rate of 6% in quarterly installments. The entire outstanding balance of the Convertible Note is to be paid in full on September 30, 2015. At any time after September 30, 2013, the holders of the Convertible Note may convert all or any part of, but in 40,000 minimum share increments, the then outstanding and unpaid principal of the Convertible Note into fully paid shares of the Company's common stock at a conversion price of $4.65 per share (as adjusted for stock splits, stock dividends, combinations and other similar events). The right to convert the Convertible Note into common stock of the Company is accelerated in the event of a change in control of the Company. In the event of default, the entire unpaid balance of the Convertible Note will become immediately due and payable and will bear interest at the lower of 8% per year and the highest legal rate permissible under applicable law.

Credit Facility. The Company entered into an $8.0 million revolving credit facility ("**Facility**") in February 2013 with Union Bank, N.A. The Facility may be used as a source to finance capital expenditures, acquisitions, stockholder buyback, and other general corporate purposes. Borrowings under the Facility will bear interest at either the bank's Reference Rate (prime rate) minus 0.50% or the London Interbank Offering Rate (LIBOR) plus 1.50%, at the option of the Company. The Company will also pay a commitment fee on the unused Facility of 0.10% payable quarterly in arrears. The outstanding balance as of December 31, 2013 was $4.25 million. The Facility contains certain customary representations and warranties, affirmative and negative covenants and restrictive and financial covenants, including that the Company maintain a minimum consolidated net liquidity, profitability, EBITDA and tangible net worth, with which the Company was in compliance with as of December 31, 2013. Borrowings under the Facility are secured by a first priority security interest on our accounts receivable and proceeds thereof. The Facility matures in February 2015.

5. Commitments and Contingencies

Operating Leases

The Company leases its facilities and certain office equipment under operating leases which expire on various dates through 2019. The Company's headquarters are located in Irvine, California. The Company's headquarters consist of approximately 26,000 square feet of leased office space. The headquarters lease expires July 31, 2017, but the Company retains rights to terminate the lease for the lease years beginning August 1, 2015 and 2016. The Company also maintains offices located in Troy, Michigan, which consist of approximately 5,400 square feet of leased office space under a lease that expires July 31, 2015, with an option to extend the term for an additional one-year term; Tampa, Florida, which consists of approximately 2,800 square feet of leased office space under a lease that expires May 31, 2015; and King of Prussia, Pennsylvania, which consists of approximately 2,600 square feet of leased office space under a lease that expires January 1, 2019. The Company's future minimum lease payments on leases with non-cancelable terms in excess of one year were as follows (in thousands):

Years Ending December 31,		
2014	$	498
2015		133
Thereafter		172
	$	803

Rent expense included in operating expenses was $0.7 million for both of the years ended December 31, 2013 and 2012.

Employment Agreements

The Company has employment agreements and retention agreements with certain key employees. A number of these agreements require severance payments, continuation of certain insurance benefits and acceleration of vesting of stock options in the event of a termination of employment without cause or for good reason.

Litigation

From time to time, the Company may be involved in other litigation matters arising from the normal course of its business activities. Such litigation, even if not meritorious, could result in substantial costs and diversion of resources and management attention, and an adverse outcome in litigation could materially adversely affect its business, results of operations, financial condition and cash flows.

6. Retirement Savings Plan

The Company has a retirement savings plan which qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code ("**IRC**") (the "**401(k) Plan**".) The 401(k) Plan covers all employees of the Company who are over 21 years of age and is effective on the first day of the month following date of hire. Under the 401(k) Plan, participating employees are allowed to defer up to 100% of their pretax salaries not to exceed the maximum IRC deferral amount. The Company contributions to the 401(k) Plan are discretionary. The Company did not make a contribution in the years ended December 31, 2013 and December 31, 2012.

7. Stockholders' Equity

Stock-Based Incentive Plans

The Company has established several plans that provide for stock-based awards ("**Awards**") primarily in the form of stock options and restricted stock awards ("**RSAs**"). Certain of these Plans provide for awards to employees, the Company's Board of Directors, and independent consultants. The Awards were granted under the 1996 Stock Incentive Plan, the 1998 Stock Option Plan, the 1999 Stock Option Plan, the 1999 Employee and Acquisition Related Stock Option Plan, the 2000 Stock Option Plan, the Amended and Restated 2001 Restricted Stock and Option Plan, the 2004 Restricted Stock and Option Plan, the 2006 Inducement Stock Option Plan and the 2010 Equity Incentive Plan. As of June 24, 2010, awards may only be granted under the 2010 Equity Incentive Plan. An aggregate of 0.4 million shares of Company common stock are reserved for future issuance under the 2010 Equity Incentive Plan at December 31, 2013.

In addition to Awards under the foregoing plans, during the year December 31, 2013 in connection with the acquisition of Advanced Mobile, the Company granted 88,641 performance-based inducement stock options ("**2013 Advanced Mobile Inducement Options**") to a new employee.

Share-based compensation expense is included in costs and expenses in the Consolidated Statements of incomes as follows:

	Years Ended December 31,	
	2013	2012
	(in thousands)	
Share-based compensation expense:		
Cost of revenues	$ 50	$ 46
Sales and marketing	153	225
Technology support	206	288
General and administrative	297	356
Share-based compensation expense	706	915
Amount capitalized to internal use software	2	5
Total share-based compensation expense	$ 704	$ 910

As of December 31, 2013 and December 31, 2012, there was approximately $0.6 million and $0.8 million, respectively, of unrecognized compensation expense related to unvested stock options. This expense is expected to be recognized over a weighted average period of approximately 1.5 years.

Stock Options

The fair value of stock options is estimated on the grant date using the Black-Scholes option pricing model based on the underlying common stock closing price as of the date of grant, the expected term, stock price volatility, and risk-free interest rates. The expected risk-free interest rate is based on United States treasury yield for a term consistent with the expected life of the stock option in effect at the time of grant. Expected volatility is based on the Company's historical experience for a period equal to the expected life. The Company has used historical volatility because it has a limited number of options traded on its common stock to support the use of an implied volatility or a combination of both historical and implied volatility. The Company estimates the expected life of options granted based on historical experience, which it believes is representative of future behavior. The dividend yield is not considered in the option-pricing formula since the Company has not paid dividends in the past and has no current plans to do so in the future. The estimated forfeiture rate used is based on historical experience and is adjusted based on actual experience.

The Company grants its options at exercise prices that are not less than the fair market value of the Company's common stock on the date of grant. Stock options generally have a seven or ten year maximum contractual term and generally vest one-third on the first anniversary of the grant date and ratably over twenty-four months, thereafter. The vesting of certain stock options is accelerated under certain conditions, including upon a change in control of the Company, termination without cause of an employee and voluntary termination by an employee with good reason.

Awards granted under the Company's stock option plans and the 2013 Advanced Mobile Inducement Options were estimated to have a weighted average grant date fair value per share of $2.57 and $2.37 for the years ended December 31, 2013 and 2012, respectively, based on the Black-Scholes option-pricing model on the date of grant using the following weighted average assumptions:

	Years Ended December 31,	
	2013	2012
Expected volatility	65%	84%
Expected risk-free interest rate	0.8%	0.6%
Expected life (years)	4.3	4.2

A summary of the Company's outstanding stock options as of December 31, 2013, and changes during the year then ended is presented below:

	Number of Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
			(years)	(thousands)
Outstanding at December 31, 2012	1,559,339	$ 6.12	5.6	
Granted	289,258	5.22		
Exercised	(54,337)	3.92		
Forfeited or expired	(162,457)	10.60		
Outstanding at December 31, 2013	1,631,803	$ 5.59	4.9	$ 16,453
Vested and expected to vest at December 31, 2013	1,599,601	$ 5.59	4.9	$ 16,142
Exercisable at December 31, 2013	1,247,384	$ 5.78	4.5	$ 12,541

Service-Based Options. During the years ended December 31, 2013 and 2012, the Company granted 113,500 and 80,900 service-based stock options, with weighted average grant date fair values of $2.37 and $2.31, respectively.

Performance-Based Options. During the year ended December 31, 2013, the Company granted 87,117 performance-based stock options ("**2013 Performance-Based Options**") to certain employees with a weighted average grant date fair value and exercise price of $2.19 and $4.00, respectively, using a Black-Scholes option pricing model. The 2013 Performance-Based Options are subject to two vesting requirements and conditions: i) percentage achievement of 2013 revenues and earnings before interest, taxes, depreciation and amortization ("**EBITDA**") goals and ii) time vesting. Based on the Company's 2013 revenues and EBITDA performance, 83,398 Performance Options vested under the performance vesting condition, and one-third of these options vested on the first anniversary of the grant date and the remainder will vest ratably over twenty four months, thereafter.

During the year ended December 31, 2013, the Company also granted the 2013 Advanced Mobile Inducement Options, with a weighted average grant date fair value of $3.21, using a Black-Scholes option pricing model and weighted average exercise price of $7.17. The 2013 Inducement Options are subject to two vesting requirements and conditions: (i) percentage achievement of 2014, 2015 and 2016 revenues and gross profit goals for the Advanced Mobile business and (ii) time vesting.

During the year ended December 31, 2012, the Company granted 249,199 performance-based stock options ("**2012 Performance-Based Options**") to certain employees with a weighted average grant date fair value and exercise price of $2.39 and $3.90, respectively, using a Black-Scholes option pricing model. The 2012 Performance-Based Options are subject to two vesting requirements and conditions: i) percentage achievement of 2012 revenues and EBITDA goals and ii) time vesting. Based on the Company's 2012 revenues and EBITDA performance, 161,394 Performance Options vested under the performance vesting condition, and one-third of these options vested on the first anniversary of the grant date and the remainder will vest ratably over twenty four months, thereafter.

Market Condition Options

In 2009 the Company granted 213,650 stock options to substantially all employees at exercise prices equal to the price of the stock on the grant date of $1.75, with a fair market value per option granted of $0.97, using a Black-Scholes option pricing model. One-third of these options cliff vest on the first anniversary following the grant date and the remaining two-thirds vest ratably over twenty-four months thereafter. In addition, the remaining two-thirds of the awards must meet additional conditions in order to be exercisable. One-third of the remaining options must also satisfy the condition that the closing price of Autobytel's common stock over any 30 consecutive trading days is at least two times the option exercise price to be exercisable ("**Market Condition A**"). The final one-third of the remaining options must also satisfy the condition that the closing price of Autobytel's common stock over any 30 consecutive trading days is at least three times the option exercise price to be exercisable ("**Market Condition B**"). Certain of these options will accelerate vesting upon a change in control of the Company. Market Condition A was achieved during 2009 and Market Condition B was achieved in 2010. During 2013, 5,879 stock options were exercised related to these market condition options.

During 2013, 54,337 options were exercised (inclusive of 5,879 market condition stock options exercised during 2013), with an aggregate weighted average exercise price of $3.92. During 2012, 10,982 options were exercised (inclusive of the 9,206 market condition stock options exercised during 2012), with an aggregate weighted average exercise price of $1.97. The total intrinsic value of options exercised during 2013 and 2012 was $60,000 and $21,000, respectively.

Employee Stock Purchase Plan

The Company's 1996 Employee Stock Purchase Plan ("**ESPP**") was suspended by the Company's Board of Directors during 2008 and was terminated in 2012. The ESPP permitted eligible employees to purchase shares of the Company's common stock at 85% of the lower of the fair market value of the common stock on the first or last day of each six month purchase period.

Tax Benefit Preservation Plan

On May 26, 2010, the Board of Directors of the Company approved, and the Company entered into, a Tax Benefit Preservation Plan, between the Company and Computershare Trust Company, N.A., as rights agent (the "**Tax Benefit Preservation Plan**"). The Tax Benefit Preservation Plan was approved by stockholders at the Company's annual meeting of stockholders held June 23, 2011. The Board of Directors of the Company adopted the Tax Benefit Preservation Plan to protect stockholder value by preserving important tax assets. Under the Tax Benefit Preservation Plan, rights to purchase capital stock of the Company ("**Rights**") have been distributed as a dividend at the rate of five Rights for each share of common stock. Each Right entitles its holder, upon triggering of the Rights, to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock of the Company at a price of $8.00 (as such price may be adjusted under the Tax Benefit Preservation Plan) or, in certain circumstances, to instead acquire shares of common stock. The Rights will convert into a right to acquire common stock or other capital stock of the Company in certain circumstances and subject to certain exceptions. The Rights will be triggered upon the acquisition of 4.90% or more of the Company's outstanding common stock or future acquisitions by any existing holders of 4.90% or more of the Company's outstanding common stock. If a person or group acquires 4.90% or more of the Company's common stock, all rights holders, except the acquirer, will be entitled to acquire at the then exercise price of a right that number of shares of the Company common stock which, at the time, has a market value of two times the exercise price of the Right. The Rights will expire upon the earliest of: (i) the close of business on May 26, 2014 unless that date is advanced or extended, (ii) the time at which the Rights are redeemed or exchanged under the Tax Benefit Preservation Plan, (iii) the repeal of Section 382 or any successor statute if the Board determines that the Tax Benefit Preservation Plan is no longer necessary for the preservation of the Company's Tax Benefits, (iv) the beginning of a taxable year of the Company to which the Board determines that no Tax Benefits may be carried forward, or (v) such time as the Board determines that a limitation on the use of the Tax Benefits under Section 382 would no longer be material to the Company.

Warrant

As part of the acquisition of Cyber on the Acquisition Date, the Company issued a warrant to purchase 400,000 shares of Company common stock ("**Warrant**") at an exercise price of $4.65 per share (as adjusted for stock splits, stock dividends, combinations and other similar events). The Warrant became exercisable on September 16, 2013 and expires on the eighth anniversary of the issuance date. The right to exercise the Warrant is accelerated in the event of a change in control of the Company. The Warrant was valued at $3.15 per share for a total value of $1,260,000, which is recorded as additional paid-in-capital. The Company used an option pricing model with the following key assumptions: risk-free rate of 2.3%, stock price volatility of 77.5% and a term of 8.04 years.

Shares Reserved for Future Issuance

The Company had the following shares of common stock reserved for future issuance upon the exercise or issuance of equity instruments as of December 31, 2013:

	Number of Shares
Stock options outstanding	1,631,803
Authorized for future grants under stock-based incentive plans	388,971
Reserved for exercise of Warrant	400,000
Reserved for conversion of promissory note	1,075,268
Total	3,496,042

8. Income Taxes

Income tax expense (benefit) from continuing operations consists of the following for the years ended December 31:

	2013	2012
	(in thousands)	
Current:		
Federal	$ 95	$ 12
State	113	66
	208	78
Deferred:		
Federal	1,353	225
State	902	41
	2,255	266
Valuation Allowance Release	(37,527)	-
Total income tax expense (benefit)	$ (35,064)	$ 344

The reconciliations of the U.S. federal statutory rate to the effective income tax rate for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Tax provision at U.S. federal statutory rates	34.0%	35.0%
State taxes	3.5	5.9
Federal rate adjustment	34.6	-
State rate adjustment	0.5	8.8
Deferred tax asset adjustments	5.9	-
Non-deductible permanent items	0.6	0.7
Stock options	0.4	3.4
Other	0.5	(0.7)
Change in valuation allowance	(1219.1)	(33.2)
Effective income tax rate	(1139.1%)	19.9%

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred taxes as of December 31, 2013 and 2012 are as follows:

	2013	2012
	(in thousands)	
Deferred tax assets:		
Allowance for doubtful accounts	$ 149	$ 160
Accrued liabilities	832	248
Net operating loss carry-forwards	37,426	40,350
Fixed assets	111	144
Intangible assets	2,006	1,991
Share-based compensation expense	1,143	944
Deferred revenue	-	2
Other	184	44
Total gross deferred tax assets	41,851	43,883
Valuation allowance	(6,356)	(43,883)
	35,495	-
Deferred tax liabilities:		
Tax deductible goodwill	(843)	(620)
Total gross deferred tax liabilities	(843)	(620)
Net deferred income taxes	$ 34,652	$ (620)

During 2013 management assessed the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. Significant pieces of objective positive evidence evaluated were the cumulative earnings generated over the three-year period ended December 31, 2013 and the Company's strong future earnings projections. Based on this evaluation, as of December 31, 2013, the Company reversed $37.5 million of its valuation allowance.We believe, however, that it is more likely than not that $1.6 million in state net operating loss carryforwards will not be realized. Accordingly, a valuation allowance has been placed on these state net operating losses. In addition, included in the NOL deferred tax asset above is approximately $13.5 million and $6.7 million for federal and state, respectively, of deferred tax asset attributable to excess stock option deductions. Due to a provision within ASC Topic 718, Compensation – Stock Compensation ("**ASC 718**"), concerning when tax benefits related to excess stock option deduction can be credited to paid-in-capital, the related valuation allowance of $4.8 million cannot be reversed, even if the facts and circumstances indicate that it is more likely than not that the deferred tax asset can be realized. The valuation allowance will only be reversed as the related deferred tax asset is applied to reduce taxes payable. The Company follows ASC 740 ordering to determine when such NOL has been realized.

At December 31, 2013, the Company had federal and state net operating loss carry-forwards ("**NOLs**") of approximately $100.9 million and $66.1 million, respectively. The federal NOLs expire through 2031 as follows (in millions):

2021	$	21.6
2022		1.7
2023		-
2024		4.1
2025		7.7
2026		25.5
2027		15.5
2028		5.2
2029		7.7
2030		10.6
2031		1.3
	$	100.9

The state NOLs expire through 2031 as follows (in millions):

2014	$ 4.6
2015	6.6
2016	20.6
2017	3.2
2028	2.6
2029	5.8
2030	11.0
2031	1.3
California NOLs	55.7
Other State NOLs	10.4
Total State NOLs	$ 66.1

Utilization of the net operating loss and tax credit carry-forwards may be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by Section 382 of the Internal Revenue Code of 1986, as amended (the "**Code**"), as well as similar state provisions. These ownership changes may limit the amount of NOL carry-forwards that can be utilized annually to offset future taxable income and tax, respectively. A Section 382 ownership change occurred in 2006 and any changes have been reflected in the NOLs presented above as of December 31, 2013. As a result of an acquisition in 2001, approximately $9.9 million of the NOLs are subject to an annual limitation of approximately $0.5 million per year.

The federal and state net operating losses begin to expire in 2021 and 2014, respectively. Approximately $10.8 million and $5.0 million, respectively, of the federal and state net operating loss carry-forwards were incurred by subsidiaries prior to the date of the Company's acquisition of such subsidiaries. The Company established a valuation allowance of $4.1 million at the date of acquisitions related to these subsidiaries. During 2013, the valuation allowance has been reversed. The tax benefits associated with the realization of such net operating losses will be credited to the provision for income taxes. In addition, federal and state net operating losses of approximately $13.5 million and $6.7 million, respectively, relate to stock option deductions. Therefore, once the stock option deductions reduce income taxes payable in the future in accordance with ASC 718, approximately $4.6 million and $0.2 million, respectively, will be credited to stockholders' equity rather than to income tax benefit.

At December 31, 2013, deferred tax assets exclude approximately $0.6 million and $0.1 million of tax-effected federal and state net operating losses pertaining to tax deductions from stock-based compensation. Upon future realization of these benefits, the Company expects to increase additional paid-in capital and reduce income taxes payable. The benefit of excess stock option deductions is not recorded until such time that the deductions reduce income taxes payable. For purposes of determining when the stock options reduce income taxes payable, the Company has adopted the "with and without" approach whereby the Company considers net operating losses arising from continuing operations prior to net operating losses attributable to excess stock option deductions.

At December 31, 2013, the Company has federal and state research and development tax credit carry-forwards of $0.3 million and $0.2 million, respectively. The federal credits begin to expire in 2021. The state credits do not expire.

As of December 31, 2013 and 2012, the Company had unrecognized tax benefits of approximately $0.6 million and $0.6 million, respectively, all of which, if subsequently recognized, would have affected the Company's tax rate. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2013	2012
	(in thousands)	
Balance at January 1,	$ 636	$ 500
Additions based on tax positions related to prior years	-	136
Balance at December 31,	$ 636	$ 636

The Company files income tax returns in the United States and various state jurisdictions. In general, the Company is no longer subject to U.S. federal and state income tax examinations for years prior to 2008 (except for the use of tax losses generated prior to 2008 that may be used to offset taxable income in subsequent years). The Company does not believe there will be any material changes in its unrecognized tax positions over the next 12 months.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. The Company accrued $20,000 and $13,000 of interest, respectively, associated with its unrecognized tax benefits in the years ended December 31, 2013 and 2012.

9. Quarterly Financial Data (Unaudited)

Below is a summary table of the Company's quarterly data for the years ended December 31, 2013 and December 31, 2012.

	Quarter Ended							
	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012	Mar 31, 2012
	(in thousands, except per-share amounts)							
Total net revenues	$ 20,693	$ 21,635	$ 17,771	$ 18,261	$ 16,911	$ 17,454	$ 15,731	$ 16,705
Gross profit	$ 8,089	$ 8,809	$ 6,956	$ 6,592	$ 6,385	$ 6,715	$ 6,335	$ 6,836
Net income (loss)	$ 36,150	$ 1,273	$ 386	$ 334	$ 351	$ 551	$ 231	$ 253
Basic earnings (loss) per share	$ 4.06	$ 0.14	$ 0.04	$ 0.04	$ 0.04	$ 0.06	$ 0.03	$ 0.01
Diluted earnings (loss) per share	$ 3.26	$ 0.13	$ 0.04	$ 0.04	$ 0.04	$ 0.06	$ 0.02	$ 0.01

10. Subsequent Event

Credit Facility

On January 13, 2014, the Company entered into a Credit Facility Amendment with Union Bank, amending the Company's existing Loan Agreement with Union Bank initially entered into on February 26, 2013, and amended on September 10, 2013 (the existing Loan Agreement, as amended to date, is referred to herein collectively as the "Credit Facility Agreement"). The Credit Facility Amendment provides for (i) a new Term Loan; and (ii) amendments to the existing Revolving Loan.

The Term Loan is amortized over a period of four years, with fixed quarterly principal payments of $562,500. Borrowings under the Term Loan or under the Revolving Loan will bear interest at either (i) the bank's Reference Rate (prime rate) minus 0.50% or (ii) the LIBOR plus 2.50% (an increase under the existing Revolving Loan from 1.50%), at the option of the Company. Interest under both the Term Loan and the Revolving Loan adjust (i) at the end of each LIBOR rate period (1, 2, 3, 6 or 12 months terms) selected by the Company, if the LIBOR rate is selected; or (ii) with changes in Union Bank's Reference Rate, if the Reference Rate is selected. The Company also pays a commitment fee of 0.10% per year on the unused portion of the Revolving Loan payable quarterly in arrears. Borrowings under the Term Loan and the Revolving Loan are secured by a first priority security interest on all of the Company's personal property (including, but not limited to, accounts receivable) and proceeds thereof. The Term Loan matures December 31, 2017, and the maturity date of the Revolving Loan was extended from February 28, 2015 to March 31, 2017. Borrowings under the Revolving Loan may be used as a source to finance capital expenditures, acquisitions and stock buybacks and for other general corporate purposes. Borrowing under the Term Loan is limited to use for the acquisition described below, and the Company drew down the entire $9.0 million of the Term Loan, together with $1.0 million under the Revolving Loan, in financing this acquisition.

Acquisition of AutoUSA

On January 13, 2014 ("**AutoUSA Acquisition Date**"), Autobytel and Seller Parent, and Seller, entered into and consummated a Membership Interest Purchase Agreement in which Autobytel acquired all of the issued and outstanding membership interests in AutoUSA, a competitor of the Company. AutoUSA is a (i) lead aggregator purchasing internet-generated automotive consumer leads from third parties and reselling those consumer leads to automotive vehicle dealers; and (ii) reseller of third party products and services to automotive Dealers. The Company acquired AutoUSA to expand its reach and influence in the industry by increasing its Dealer network.

The AutoUSA Acquisition Date fair value of the consideration transferred totaled $11.9 million which consisted of the following:

	(in thousands)
Cash (including a working capital adjustment of $44)	$ 10,044
Convertible subordinated promissory note	1,300
Warrant to purchase $1.0 million of Company Common Stock	510
	$ 11,854

As part of the consideration paid for the acquisition, the Company issued a convertible subordinated promissory note for $1.0 million ("**AutoUSA Note**") to the Seller. The fair value of the AutoUSA Note as of the AutoUSA Acquisition Date was $1.3 million. This valuation was estimated using a binomial option pricing method. Key assumptions used in valuing the Note include a market yield of 1.6% and stock price volatility of 65.0%. As the Note was issued with a substantial premium, the Company recorded the premium as additional paid-in capital. Interest is payable at an annual interest rate of 6% in quarterly installments. The entire outstanding balance of the Note is to be paid in full on January 31, 2019. At any time after January 31, 2017, the holders of the Note may convert all or any part of, but at least 30,600 shares, the then outstanding and unpaid principal of the Note into fully paid shares of the Company's common stock at a conversion price of $16.34 per share (as adjusted for stock splits, stock dividends, combinations and other similar events). The right to convert the Note into common stock of the Company is accelerated in the event of a change in control of the Company. In the event of default, the entire unpaid balance of the Note will become immediately due and payable and will bear interest at the lower of 8% per year and the highest legal rate permissible under applicable law.

The warrant to purchase 69,930 shares of Company common stock issued in connection with the acquisition ("**AutoUSA Warrant**") was valued as of the AutoUSA Acquisition Date at $7.35 per share for a total value of $0.5 million. The Company used an option pricing model to determine the value of the Warrant. Key assumptions used in valuing the Warrant are as follows: risk-free rate of 1.6%, stock price volatility of 65.0% and a term of 5.0 years. The Warrant was valued based on long-term volatilities of the Company. The exercise price of the Warrant is $14.30 per share (as adjusted for stock splits, stock dividends, combinations and other similar events). The Warrant becomes exercisable on the third anniversary of the issuance date and expires on the fifth anniversary of the issuance date. The right to exercise the Warrant is accelerated in the event of a change in control of the Company.

The following table summarizes the preliminary estimated fair values of the assets acquired and liabilities assumed at the AutoUSA Acquisition Date. Because the transaction was completed subsequent to December 31, 2013, we have not yet finalized the fair values of the assets and liabilities assumed in connection with the acquisition.

	(in thousands)
Accounts receivable	$ 2,934
Prepaid expenses	43
Net fixed assets and other long-lived assets	431
Total tangible assets acquired	3,408
Accounts payable	2,270
Total liabilities assumed	2,270
Net identifiable assets acquired	1,138
Long-lived intangible assets acquired	3,750
Goodwill	6,966
Net assets acquired	$ 11,854

The preliminary fair value of the acquired intangible assets was determined using the below valuation approaches. In estimating the preliminary fair value of the acquired intangible assets, the Company utilized the valuation methodology determined to be most appropriate for the individual intangible asset being valued as described below. The acquired intangible assets include the following:

	Valuation Method	**Estimated Fair Value**	**Estimated Useful Life (1)**
		(in thousands)	(years)
Non-compete agreements	Discounted cash flow (2)	$90	2
Customer relationships	Excess of earnings (3)	2,660	5
Trademark/tradenames	Relief from Royalty (4)	1,000	5
Total purchased intangible assets		$3,750	

(1) Determination of the estimated useful lives of the individual categories of purchased intangible assets was based on the nature of the applicable intangible asset and the expected future cash flows to be derived from the intangible asset. Amortization of intangible assets with definite lives are recognized over the shorter of the respective lives of the agreement or the period of time the assets are expected to contribute to future cash flows.

(2) The non-compete agreement fair values were derived by calculating the difference between the present value of the Company's forecasted cash flows with the agreements in place and without the agreements in place.

(3) The excess of earnings method estimates a purchased intangible asset's value based on the present value of the prospective net cash flows (or excess earnings) attributable to it. The value attributed to these intangibles was based on projected net cash inflows from existing contracts or relationships.

(4) The relief from royalty method is an earnings approach which assesses the royalty savings an entity realizes since it owns the asset and doesn't have to pay a third party a license fee for it use.

Some of the more significant estimates and assumptions inherent in the estimate of the fair value of the identifiable purchased intangible assets include all assumptions associated with forecasting cash flows and profitability. The primary assumptions used for the determination of the preliminary fair value of the purchased intangible assets were generally based upon the present value of anticipated cash flows discounted at a rate of 17.5%. Estimated years of projected earnings generally follow the range of estimated remaining useful lives for each intangible asset class.

The goodwill recognized of $7.0 million is attributable primarily to expected synergies and the assembled workforce of AutoUSA. The full amount is expected to be amortizable for income tax purposes.

The Company incurred $0.2 million of acquisition related costs related to AutoUSA through December 31, 2013, all of which was expensed.

The following unaudited pro forma information presents the consolidated results of the Company and AutoUSA for the twelve months ended December 31, 2013 and 2012, respectively, with adjustments to give effect to pro forma events that are directly attributable to the acquisition and have a continuing impact, but exclude the impact of pro forma events that are directly attributable to the acquisition and are one-time occurrences. The unaudited pro forma information is presented for illustrative purposes only and is not necessarily indicative of the results of operations of future periods, the results of operations that actually would have been realized had the entities been a single company during the periods presented or the results of operations that the combined company will experience after the acquisition. The unaudited pro forma information does not give effect to the potential impact of current financial conditions, regulatory matters or any anticipated synergies, operating efficiencies or cost savings that may be associated with the acquisition. The unaudited pro forma information also does not include any integration costs or remaining future transaction costs that the companies may incur as a result of the acquisition and combining the operations of the companies.

The unaudited pro forma consolidated results of operations, assuming the acquisition had occurred on January 1, 2013 and 2012, respectively, are as follows:

	Twelve Months Ended December 31, 2013	**Twelve Months Ended December 31, 2012**
	(in thousands)	*(in thousands)*
Unaudited pro forma consolidated results:		
Revenue	$104,461	$95,888
Net income	$39,614	$2,722

AUTOBYTEL INC.
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

	Years Ended December 31,	
	2013	2012
	(in thousands)	
Allowance for bad debts:		
Beginning balance	$ 268	$ 219
Additions	92	163
Write-offs	(66)	(114)
Ending balance	$ 294	$ 268
Allowance for customer credits:		
Beginning balance	$ 158	$ 321
Additions	511	391
Write-offs	(558)	(554)
Ending balance	$ 111	$ 158
Tax valuation allowance:		
Beginning balance	$ 43,883	$ 44,457
Charged (credited) to tax expense	(37,527)	(574)
Ending balance	$ 6,356	$ 43,883

EXHIBIT INDEX

Number	Description
2.1 ‡	Asset Purchase Agreement dated as of September 16, 2010 by and among Autotropolis, Inc., a Florida corporation, Cyber Ventures, Inc., a Florida corporation, William Ferriolo, Ian Bentley and the Ian Bentley Revocable Trust created U/A/D 3/1/2005, Autobytel Inc., a Delaware corporation, and Autobytel Acquisition Subsidiary, Inc., a Delaware corporation, which is incorporated herein by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010 filed with the Securities and Exchange Commission ("**SEC**") on November 12, 2010 (SEC File No. 001-34761) ("**3rd Quarter 2010 Form 10-Q**")
2.2 ‡	Asset Purchase Agreement dated as of September 30, 2013 by and among Autobytel Inc., a Delaware corporation, Advanced Mobile, LLC, a Delaware limited liability company, and Advanced Mobile Solutions Worldwide, Inc., a Delaware corporation, which is incorporated herein by reference to Exhibit 99.1 to the Current Report on Form 8-K filed with the SEC on October 3, 2013 (SEC File No. 001-34761)
2.3 ‡	Membership Interest Purchase Agreement dated as of January 13, 2014 by and among Autobytel Inc., a Delaware corporation, AutoNation, Inc., a Delaware corporation, and AutoNationDirect.com, Inc., a Delaware corporation, which is incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on January 17, 2014 (SEC File No. 001-34761) ("**January 2014 Form 8-K**")
3.1	Fifth Amended and Restated Certificate of Incorporation of Autobytel Inc. (formerly autobytel.com inc.) certified by the Secretary of State of Delaware (filed December 14, 1998), as amended by Certificate of Amendment dated March 1, 1999, Second Certificate of Amendment of the Fifth Amended and Restated Certificate of Incorporation of Autobytel dated July 22, 1999, Third Certificate of Amendment of the Fifth Amended and Restated Certificate of Incorporation of Autobytel dated August 14, 2001, Certificate of Designation of Series A Junior Participating Preferred Stock dated July 30, 2004, and Amended Certificate of Designation of Series A Junior Participating Preferred Stock dated April 24, 2009, which are incorporated herein by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009 filed with the SEC on April 24, 2009 (SEC File No. 000-22239); and Fourth Certificate of Amendment to Fifth Amended and Restated Certificate of Incorporation of Autobytel dated July 10, 2012, which is incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on July 12, 2012 (SEC File No. 001-34761)
3.2	Third Amended and Restated Bylaws of Autobytel dated April 27, 2011, which is incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on April 29, 2011 (SEC File No. 000-22239); and Amendment to Third Amended and Restated Bylaws of Autobytel adopted on September 13, 2012, which is incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on September 14, 2012 (SEC File No. 001-34761)
4.1	Form of Common Stock Certificate of Autobytel, which is incorporated herein by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2001 filed with the SEC on November 14, 2001 (SEC File No. 000-22239)
4.2	Tax Benefit Preservation Plan dated as of May 26, 2010 between Autobytel and Computershare Trust Company, N.A., as rights agent, together with the following exhibits thereto: Exhibit A – Form of Right Certificate; Exhibit B – Summary of Rights to Purchase Shares of Preferred Stock of Autobytel Inc., which is incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on June 2, 2010 (SEC File No. 000-22239)
4.3	Certificate of Adjustment Under Section 11(m) of the Tax Benefit Preservation Plan, which is incorporated herein by reference to Exhibit 4.3 to the Quarterly Report on Form 10-Q filed with the SEC on November 8, 2012 (SEC File No. 001-34761)
4.4	Amendment No. 1 to Tax Benefit Preservation Plan dated as of April 14, 2014 between Autobytel Inc. and Computershare Trust Company, N.A., as rights agent, which is incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on April 16, 2014 (SEC File No. 001-34761)
10.1**	Form of Amended and Restated Indemnification Agreement between Autobytel and its directors and officers, which is incorporated herein by reference to Exhibit 99.1 to the Current Report on Form 8-K filed with the SEC on July 22, 2010 (SEC File No. 001-34761)
10.2**	Form of Outside Director Stock Option Agreement pursuant to the 2004 Restricted Stock and Option Plan, which is incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on September 14, 2005 (SEC File No. 000-22239) ("**September 2005 Form 8-K**")
10.3**	Form of Letter Agreement (amending certain stock option agreements with Outside Directors), which is incorporated herein by reference to Exhibit 10.2 to the September 2005 Form 8-K
10.4**	Autobytel.com inc. 1998 Stock Option Plan, which is incorporated herein by reference to Exhibit 10.8 of Amendment No. 1 to the S-1 Registration Statement filed with the SEC on February 9, 1999 (SEC File No. 333-70621) ("**Amendment No. 1 to S-1 Registration Statement**")
10.5**	Autobytel.com inc. 1999 Stock Option Plan, which is incorporated herein by reference to Exhibit 10.30 of Amendment No.1 to S-1 Registration Statement
10.6**	Autobytel.com inc. 1999 Employee and Acquisition Related Stock Option Plan, which is incorporated herein by reference to Exhibit 10.1 to the Registration Statement on Form S-8 filed with the SEC on November 1, 1999 (SEC File No. 333-90045)
10.7**	Amendment No. 1 to the Autobytel.com Inc. 1998 Stock Option Plan dated September 22, 1999, which is incorporated herein by reference to Exhibit 10.2 of Form 10-Q for the quarterly period ended September 30, 1999 filed with the SEC on November 12, 1999 (SEC File No. 000-22239)
10.8**	Amendment No. 1 to the Autobytel.com Inc. 1999 Stock Option Plan dated September 22, 1999, which is incorporated herein by reference to Exhibit 10.1 of Form 10-Q for the quarterly period ended September 30, 1999 filed with the SEC on November 12, 1999 (SEC File No. 000-22239)

10.9** Auto-By-Tel Corporation 1996 Stock Incentive Plan and related agreements, which are incorporated herein by reference to Exhibit 10.6 of Amendment No. 1 to S-1 Registration Statement

10.10** Autobytel.com Inc. 2000 Stock Option Plan, which is incorporated herein by reference to Exhibit 99.1 to the Registration Statement on Form S-8 filed with the SEC on June 15, 2000 (SEC File No. 333-39396)

10.11** Autobytel.com Inc. 2001 Restricted Stock Plan, which is incorporated herein by reference to Annex D to the Registration Statement on Form S-4 originally filed with the SEC on May 11, 2001 (SEC File No. 333-60798) and amended on July 17, 2001

10.12** Amendment No. 1 to the Auto-by-Tel Corporation 1996 Stock Incentive Plan, which is incorporated herein by reference to Exhibit (d)(2) of Schedule TO filed with the SEC on December 14, 2001 (SEC File No. 005-58067) ("**Schedule TO**")

10.13** Amendment No. 2 to the Autobytel.com Inc. 1998 Stock Option Plan, which is incorporated herein by reference to Exhibit (d)(5) to the Schedule TO

10.14** Amendment No. 2 to the Autobytel.com Inc. 1999 Stock Option Plan is incorporated herein by reference to Exhibit (d)(8) to the Schedule TO

10.15** Amendment No. 1 to the Autobytel.com Inc. 1999 Employee and Acquisition Related Stock Option Plan, which is incorporated herein by reference to Exhibit (d)(10) to the Schedule TO

10.16** Amendment No. 1 to the Autobytel.com Inc. 2000 Stock Option Plan, which is incorporated herein by reference to Exhibit (d)(12) to the Schedule TO

10.17** Amendment No. 2 to the Autobytel.com Inc. 2000 Stock Option Plan, which is incorporated herein by reference to Exhibit 10.46 to the Annual Report on Form 10-K for the Year Ended December 31, 2001 filed with the SEC on March 22, 2002 (SEC File No. 000-22239)

10.18** Form of Stock Option Agreement pursuant to Auto-by-Tel Corporation 1996 Stock Incentive Plan, which is incorporated herein by reference to Exhibit (d)(13) to the Schedule TO

10.19** Form of Stock Option Agreement pursuant to Autobytel.com Inc. 1998 Stock Option Plan, which is incorporated herein by reference to Exhibit (d)(14) to the Schedule TO

10.20** Form of Stock Option Agreement pursuant to Autobytel.com Inc. 1999 Stock Option Plan, which is incorporated herein by reference to Exhibit (d)(15) to the Schedule TO

10.21** Form of Stock Option Agreement pursuant to Autobytel.com Inc. 1999 Employee and Acquisition Related Stock Option Plan, which is incorporated herein by reference to Exhibit (d)(16) to the Schedule TO

10.22** Form of Stock Option Agreement pursuant to Autobytel.com Inc. 2000 Stock Option Plan, which is incorporated herein by reference to Exhibit (d)(17) to the Schedule TO

10.23** Form of Performance Stock Option Agreement pursuant to Autobytel.com Inc. 1999 Stock Option Plan, which is incorporated herein by reference to Exhibit (d)(18) to the Schedule TO

10.24** Form of Non-employee Director Stock Option Agreement pursuant to Auto-by-Tel Corporation 1996 Stock Incentive Plan, which is incorporated herein by reference to Exhibit (d)(19) to the Schedule TO

10.25** Autobytel Inc. Amended and Restated 2001 Restricted Stock and Option Plan, which is incorporated herein by reference to Exhibit 4.7 of Post-Effective Amendment to Registration Statement on Form S-8 filed with the SEC on July 31, 2003 (SEC File No. 333-67692)

10.26** Form of Outside Director Stock Option Agreement pursuant to the Autobytel 1999 Stock Option Plan, which is incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on November 3, 2004 (SEC File No. 000-22239) ("**November 3, 2004 Form 8-K**")

10.27** Form of Outside Director Stock Option Agreement pursuant to the Autobytel 2004 Restricted Stock and Option Plan, which is incorporated herein by reference to Exhibit 10.2 to the November 3, 2004 Form 8-K

10.28** Autobytel Inc. 2004 Restricted Stock and Option Plan, which is incorporated herein by reference to Exhibit 4.8 to the Registration Statement on Form S-8 filed with the SEC on June 28, 2004 (SEC File No. 333-116930) ("**2004 Form S-8**")

10.29** Form of Employee Stock Option Agreement pursuant to the Autobytel 2004 Restricted Stock and Option Plan, which is incorporated herein by reference to Exhibit 4.9 to the 2004 Form S-8

10.30** Form of Stock Option Agreement pursuant to the Autobytel 2004 Restricted Stock and Option Plan, which is incorporated herein by reference to Exhibit 10.65 to the Annual Report on Form 10-K for the Year Ended December 31, 2004 filed with the SEC on May 31, 2005 (SEC File No. 000-22239)

10.31** 2006 Inducement Stock Option Plan, which is incorporated herein by reference to Exhibit 4.9 to the Registration Statement on Form S-8 filed with the SEC on June 16, 2006 (SEC File No. 333-135076) ("**2006 Form S-8**")

10.32** Form of Employee Inducement Stock Option Agreement, which is incorporated herein by reference to Exhibit 4.10 to the 2006 Form S-8

10.33** Letter Agreement dated October 10, 2006 between the Company and Glenn E. Fuller, as amended by Memorandum dated April 18, 2008, Memorandum dated as of December 8, 2008, and Memorandum dated as of March 1, 2009, which are incorporated herein by reference to Exhibit 10.77 to the 2008 Form 10-K

10.34** Amended and Restated Severance Agreement dated as of September 29, 2008 between the Company and Glenn E. Fuller, which is incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC on October 3, 2008 (SEC File No. 000-22239)

10.35** Letter Agreement dated October 4, 2007 between the Company and Curtis E. DeWalt, as amended by Memorandum dated as of December 8, 2008 and Memorandum dated March 1, 2009, which are incorporated herein by reference to Exhibit 10.79 to the 2008 Form 10-K

10.36** Amended and Restated Severance Agreement dated as of September 29, 2008 between the Company and Curtis E. DeWalt, which is incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on March 9, 2009 (SEC File No. 000-22239)

10.37** Letter Agreement dated August 6, 2004 between the Company and Wesley Ozima, as amended by Memorandum dated March 1, 2009, which are incorporated herein by reference to Exhibit 10.81 to the 2008 Form 10-K

10.38** Amended and Restated Severance Agreement dated as of November 15, 2008 between the Company and Wesley Ozima, which is incorporated herein by reference to Exhibit 10.82 to the 2008 Form 10-K

10.39** Form of Employee Stock Option Agreement pursuant to the 1998 Stock Option Plan, the 1999 Employee and Acquisition Related Stock Option Plan and the 1999 Stock Option Plan, which is incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on October 3, 2008 (SEC File No. 000-22239) ("**October 2008 Form 8-K**")

10.40** Amendment No. 2 to the Autobytel.com Inc. 1999 Employee and Acquisition Related Stock Option Plan dated May 1, 2009, which is incorporated herein by reference to Exhibit 10.86 to the Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2009 filed with the SEC on July 24, 2009 (SEC File No. 000-22239) ("**Second Quarter 2009 Form 10-Q**")

10.41** Amendment No. 3 to the Autobytel.com Inc. 2000 Stock Option Plan dated May 1, 2009, which is incorporated herein by reference to Exhibit 10.87 to the Second Quarter 2009 Form 10-Q

10.42** Amendment No. 1 to the Autobytel Inc. Amended and Restated 2001 Restricted Stock and Option Plan dated May 1, 2009, which is incorporated herein by reference to Exhibit 10.88 to the Second Quarter 2009 Form 10-Q

10.43** Amendment No. 1 to the Autobytel Inc. 2004 Restricted Stock and Option Plan dated May 1, 2009, which is incorporated herein by reference to Exhibit 10.89 to the Second Quarter 2009 Form 10-Q

10.44** Amendment No. 1 to the Autobytel Inc. 2006 Inducement Stock Option Plan dated May 1, 2009, which is incorporated herein by reference to Exhibit 10.90 to the Second Quarter 2009 Form 10-Q

10.45** Autobytel Inc. Amended and Restated Employment Agreement dated effective as of April 3, 2009 between Autobytel and Jeffrey H. Coats, which is incorporated herein by reference to Exhibit 10.91 to the Second Quarter 2009 Form 10-Q

10.46** Autobytel Inc. 2000 Stock Option Plan, Stock Option Award Agreement dated effective as of April 3, 2009 between Autobytel and Jeffrey H. Coats, which is incorporated herein by reference to Exhibit 10.92 to the Second Quarter 2009 Form 10-Q

10.47** Autobytel Inc. Amended and Restated 2001 Restricted Stock and Option Plan, Stock Option Award Agreement dated effective as of April 3, 2009 between Autobytel and Jeffrey H. Coats, which is incorporated herein by reference to Exhibit 10.93 to the Second Quarter 2009 Form 10-Q

10.48** Autobytel Inc. 2004 Restricted Stock and Option Plan, Stock Option Award Agreement dated effective as of April 3, 2009 between Autobytel and Jeffrey H. Coats, which is incorporated herein by reference to Exhibit 10.94 to the Second Quarter 2009 Form 10-Q

10.49** Autobytel Inc. 2010 Equity Incentive Plan, which is incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on June 25, 2010 (SEC File No. 001-34761) ("**June 2010 Form 8-K**")

10.50** Form of Employee Stock Option Award Agreement pursuant to the Autobytel Inc. 2010 Equity Incentive Plan, which is incorporated herein by reference to Exhibit 10.58 to the Annual Report on Form 10-K for the Year Ended December 31, 2011 filed with the SEC on March 1, 2012 (SEC File No. 001-34761) ("**2011 Form 10-K**")

10.51** Form of 2012 Performance-Based Stock Option Award Agreement pursuant to the Autobytel Inc. 2010 Equity Incentive Plan, which is incorporated herein by reference to Exhibit 10.59 to the 2011 Form 10-K

10.52** Form of Non-Employee Director Stock Option Award Agreement pursuant to the Autobytel Inc. 2010 Equity Incentive Plan, which is incorporated herein by reference to Exhibit 10.60 to the 2011 Form 10-K

10.53** Form of (Management) Employee Stock Option Award Agreement pursuant to the Autobytel Inc. 2010 Equity Incentive Plan, which is incorporated herein by reference to Exhibit 10.61 to the 2011 Form 10-K

10.54** Form of Indemnification Agreement between Autobytel and its directors and officers, which is incorporated herein by reference to Exhibit 10.63 to the Annual Report on Form 10-K filed with the SEC on March 10, 2011 (SEC File No. 001-34761) ("**2010 Form 10-K**")

10.55** Amendment No. 1 to Amended and Restated Employment Agreement between Autobytel and Jeffrey H. Coats effective as of December 17, 2010, which is incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on December 23, 2010 (SEC File No. 001-34761)

10.56 Standstill Agreement between Autobytel, CCM Master Qualified Fund, Ltd., a Cayman Islands exempted company, Coghill Capital Management LLC and Clint Coghill dated January 13, 2009, which is incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on January 15, 2009 (SEC File No. 000-22239)

10.57 Convertible Subordinated Promissory Note dated September 16, 2010 (Principal Amount $5,000,000) issued by Autobytel to Autotropolis, Inc. and Cyber Ventures, Inc., which is incorporated herein by reference to Exhibit 4.5 to the 3rd Quarter 2010 Form 10-Q

10.58 Warrant to Purchase 2,000,000 Shares of Autobytel Common Stock dated September 16, 2010 issued by Autobytel to Autotropolis, Inc. and Cyber Ventures, Inc., which is incorporated herein by reference to Exhibit 4.6 to the 3rd Quarter 2010 Form 10-Q

10.59 Shareholders Agreement dated as of September 16, 2010 by and among Autobytel, Autotropolis, Inc., a Florida corporation, Cyber Ventures, Inc., a Florida corporation, William Ferriolo, Ian Bentley and the Ian Bentley Revocable Trust created U/A/D 3/1/2005, which is incorporated herein by reference to Exhibit 4.7 to the 3rd Quarter 2010 Form 10-Q

10.60** Letter Agreement dated March 9, 2010 between Autobytel and Kimberly Boren, as amended by Memorandum dated December 21, 2010 and Memorandum dated as of December 1, 2011, which are incorporated herein by reference to Exhibit 10.73 to the 2011 Form 10-K

10.61** Amended and Restated Severance Benefits Agreement dated as of February 25, 2011 between Autobytel and Kimberly Boren, which is incorporated herein by reference to Exhibit 10.74 to the 2011 Form 10-K

10.62** Letter Agreement dated as of September 17, 2010 between Autobytel and William Ferriolo, as amended by Memorandum dated as of December 1, 2011, which is incorporated herein by reference to Exhibit 10.75 to the 2011 Form 10-K

10.63** Severance Benefits Agreement dated as of September 17, 2010 between Autobytel and William Ferriolo, which is incorporated herein by reference to Exhibit 10.76 to the 2011 Form 10-K

10.64** Letter Agreement dated May 21, 2007 between Autobytel and John Steerman, as amended by Memorandum dated March 20, 2009, Memorandum dated September 30, 2009 and Memorandum dated as of December 1, 2011, which are incorporated herein by reference to Exhibit 10.77 to the 2011 Form 10-K

10.65** Severance Agreement dated as of October 1, 2009 between Autobytel and John Steerman, which is incorporated herein by reference to Exhibit 10.78 to the 2011 Form 10-K

10.66 Lease Agreement dated April 6, 1997 between The Provider Fund, The Colton Company and Autobytel (" **Irvine Lease**"), as amended by Amendment No. 12 to Lease dated February 6, 2009, Amendment No. 13 to Lease dated March 5, 2009, and Amendment No. 14 to Lease dated November 29, 2010 , which are incorporated herein by reference to Exhibit 10.79 to the 2011 Form 10-K

10.67 Amendment No. 15 to Irvine Lease dated October 31, 2012, which is incorporated herein by reference to Exhibit 10.69 to the Annual Report on Form 10-K for the Year Ended December 31, 2012 filed with the SEC on February 28, 2013 (SEC File No. 001-34761) ("**2012 Form 10-K**")

10.68** Amendment No. 1 to Amended and Restated Severance Benefits Agreement dated November 14, 2012 between Autobytel and Kimberly Boren, which is incorporated herein by reference to Exhibit 10.70 to the 2012 Form 10-K

10.69** Amendment No. 2 to Amended and Restated Employment Agreement dated December 14, 2012 between Autobytel and Jeffrey H. Coats, which is incorporated herein by reference to Exhibit 10.71 to the 2012 Form 10-K

10.70** Amendment No. 1 to Amended and Restated Severance Agreement dated October 19, 2012 between Autobytel and Curtis E. DeWalt, which is incorporated herein by reference to Exhibit 10.72 to the 2012 Form 10-K

10.71** Amendment No. 1 to Amended and Restated Severance Agreement dated December 14, 2012 between Autobytel and Glenn E. Fuller, which is incorporated herein by reference to Exhibit 10.73 to the 2012 Form 10-K

10.72** Amendment No. 1 to Amended and Restated Severance Agreement dated October 16, 2012 between Autobytel and Wesley Ozima, which is incorporated herein by reference to Exhibit 10.74 to the 2012 Form 10-K

10.73** Amendment No. 1 to Severance Agreement dated September 19, 2012 between Autobytel and John D. Steerman, which is incorporated herein by reference to Exhibit 10.75 to the 2012 Form 10-K

10.74** Amendment No. 2 to Severance Agreement dated November 7, 2012 between Autobytel and John D. Steerman, which is incorporated herein by reference to Exhibit 10.76 to the 2012 Form 10-K

10.75** Amendment No. 1 to Severance Benefits Agreement dated November 30, 2012 between Autobytel and William Ferriolo, which is incorporated herein by reference to Exhibit 10.77 to the 2012 Form 10-K

10.76** Form of 2013 Performance-Based Stock Option Award Agreement pursuant to the Autobytel Inc. 2010 Equity Incentive Plan, which is incorporated herein by reference to Exhibit 10.79 to the 2012 Form 10-K

10.77 Loan Agreement by and between Autobytel Inc., a Delaware corporation, and Union Bank, N.A., a national banking association, dated as of February 26, 2013, as amended by the First Amendment to Loan Agreement dated as of September 10, 2013, and the Second Amendment to Loan Agreement dated as of January 13, 2014, Security Agreement dated January 13, 2014, Commercial Promissory Note dated January 13, 2014 ($9,000,000 Term Loan), and Commercial Promissory Note dated January 13, 2014 ($8,000,000 Revolving Loan), which is incorporated herein by reference to Exhibit 10.4 to the January 2014 Form 8-K

10.78	Assignment Agreement dated February 26, 2013 by and between Autobytel and Lead Relay, LLC, which is incorporated herein by reference to Exhibit 10.81 to the 2012 Form 10-K
10.79	Convertible Subordinated Promissory Note dated as of January 13, 2014 (Principal Amount $1,000,000.00) issued by Autobytel Inc., a Delaware corporation, to AutoNationDirect.com, Inc., a Delaware corporation, which is incorporated herein by reference to Exhibit 10.1 to the January 2014 Form 8-K
10.80	Warrant to Purchase 69,930 Shares of Autobytel Inc. Common Stock dated as of January 13, 2014 issued by Autobytel Inc., a Delaware corporation, to AutoNationDirect.com, Inc., a Delaware corporation, which is incorporated herein by reference to Exhibit 10.2 to the January 2014 Form 8-K
10.81	Shareholder Registration Rights Agreement dated as of January 13, 2014 by and between Autobytel Inc., a Delaware corporation, and AutoNationDirecet.com, Inc., a Delaware corporation, which is incorporated herein by reference to Exhibit 10.3 to the January 2014 Form 8-K
10.82**	Letter Agreement dated September 30, 2013 between Autobytel Inc. and Bret Dunlap, which is incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed with the SEC on November 7, 2013 (SEC File No. 001-34761) ("**3rd Quarter 2013 Form 10-Q**")
10.83**	Severance Benefits Agreement dated October 1, 2013 between Autobytel Inc. and Bret Dunlap, which is incorporated herein by reference to Exhibit 10.2 to the 3rd Quarter 2013 Form 10-Q
10.84**	Inducement Stock Option Award Agreement dated September 30, 2013 between Autobytel Inc. and Bret Dunlap, which is incorporated herein by reference to Exhibit 10.3 to the 3rd Quarter 2013 Form 10-Q
10.85**	Inducement Stock Option Award Agreement dated September 30, 2013 between Autobytel Inc. and Bret Dunlap, which is incorporated herein by reference to Exhibit 10.4 to the 3rd Quarter 2013 Form 10-Q
10.86**	Inducement Stock Option Award Agreement dated September 30, 2013 between Autobytel Inc. and Bret Dunlap, which is incorporated herein by reference to Exhibit 10.5 to the 3rd Quarter 2013 Form 10-Q
10.87**	Inducement Stock Option Award Agreement dated January 13, 2014 between Autobytel Inc. and Phillip W. DuPree, which is incorporated herein by reference to Exhibit 10.87 to the Annual Report on Form 10-K filed with the SEC on February 20, 2014 (SEC File No. 001-34761) (**"2013 Form 10-K"**)
10.88**	Letter Agreement dated January 13, 2014 between Autobytel Inc. and Phillip DuPree, which is incorporated herein by reference to Exhibit 10.88 to the 2013 Form 10-K
10.89**	Severance Benefits Agreement dated January 14, 2014 between Autobytel Inc. and Phillip DuPree, which is incorporated herein by reference to Exhibit 10.89 to the 2013 Form 10-K
21.1	Subsidiaries of Autobytel Inc., which is incorporated herein by reference to Exhibit 21.1 to the 2013 Form 10-K
23.1*	Consent of Independent Registered Public Accounting Firm, Moss Adams LLP
31.1*	Chief Executive Officer Section 302 Certification of Periodic Report dated April 29, 2014
31.2*	Chief Financial Officer Section 302 Certification of Periodic Report dated April 29, 2014
32.1*	Chief Executive Officer and Chief Financial Officer Section 906 Certification of Periodic Report dated April 29, 2014
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.INS	XBRL Instance Document

* Filed herewith.

** Management Contract or Compensatory Plan or Arrangement.

‡ Certain schedules in this Exhibit have been omitted in accordance with Item 601(b)(2) of Regulation S-K. Autobytel Inc. will furnish supplementally a copy of any omitted schedule or exhibit to the Securities and Exchange Commission upon request; provided, however, that Autobytel Inc. may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedule or exhibit so furnished.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement on Form S-3 (333-194187) and Registration Statements on Form S-8 (333-168834, 333-135076, 333-116930, 333-90045, 333-77943, 333-39396 and 333-67692) of Autobytel Inc. of our report dated February 20, 2014, with respect to the consolidated financial statements and schedule of Autobytel Inc., included in this Amendment No. 1 (Form 10-K/A) to Annual Report on Form 10-K for the year ended December 31, 2013.

/s/ MOSS ADAMS LLP

Los Angeles, California
April 29, 2014

Exhibit 31.1

CERTIFICATION

I, Jeffrey H. Coats, certify that:

1. I have reviewed this annual report on Form 10-K/A of Autobytel Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2014

/s/ Jeffrey H. Coats

Jeffrey H. Coats

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Curtis E. DeWalt, certify that:

1. I have reviewed this annual report on Form 10-K/A of Autobytel Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2014

/s/ Curtis E. DeWalt

Curtis E. DeWalt,
Senior Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Autobytel Inc. (the "*Company*") on Form 10-K/A for the period ended December 31, 2013 (the "*Report*"), we, Jeffrey H. Coats, President and Chief Executive Officer of the Company, and Curtis E. DeWalt, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Jeffrey H. Coats
Jeffrey H. Coats
President and Chief Executive Officer
April 29, 2014

/s/ Curtis E. DeWalt
Curtis E. DeWalt
Senior Vice President and
Chief Financial Officer
April 29, 2014

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to Autobytel Inc. and will be retained by Autobytel Inc. and furnished to the Securities and Exchange Commission or its staff upon request.