

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

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(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, 1999

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 0-22239

AUTOBYTEL.COM INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OF INCORPORATION)

33-0711569
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

18872 MACARTHUR BOULEVARD
IRVINE, CALIFORNIA 92612-1400
TELEPHONE: (949) 225-4500
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
REGISTRANT'S PRINCIPAL OFFICES)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

COMMON STOCK, PAR VALUE \$0.001 PER SHARE
(TITLE OF CLASS)

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 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.

Based on the closing sale price of \$10.0625 for our common stock on the
Nasdaq National Market System on March 15, 2000, the aggregate market value of
outstanding shares of common stock held by non-affiliates was approximately
\$140.6 million. As of March 15, 2000, 20,209,627 shares of our common stock were
outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of our Definitive Proxy Statement for the 2000 Annual Meeting,
expected to be filed within 120 days of our fiscal year end, are incorporated by

reference into Part III.

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AUTOBYTEL.COM INC.

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

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PART I

ITEM 1. BUSINESS

Except for historical information, the following description of our business contains forward-looking statements based on current expectations which involve risks and uncertainties. Our actual results could differ materially from those set forth in these forward-looking statements as a result of a number of factors, including those set forth in this Annual Report under the heading "Risk Factors." Unless specified otherwise as used herein, the terms "we," "us" or "our" refer to autobytel.com inc. and its wholly owned subsidiaries.

OVERVIEW

We are an internationally branded online automotive commerce company that provides consumers with automotive solutions throughout the lifecycle of vehicle ownership. We own leading, branded Internet sites for new and pre-owned vehicle information and automotive services that link buyers and sellers in an information-rich environment. Through our Web sites, www.autobytel.com and the recently acquired www.carsmart.com (see below), consumers can research pricing, specifications and other information regarding new and pre-owned vehicles and purchase, finance, lease, insure, sell or maintain their vehicles. We believe that our services provide benefits for consumers by supplying them with information to make informed and intelligent vehicle decisions throughout the lifecycle of vehicle ownership.

Consumers can purchase new vehicles through our dealer referral network, our AutobytelDIRECT(SM) service and our auction services. When consumers indicate they are ready to buy a vehicle, they can be connected to our network of over 4,900 participating dealers in North America, of which over 3,400 are Autobytel.com(R) dealers and nearly 1,500 are CarSmart.com(SM) dealers, with each dealer representing a particular vehicle make. Approximately 400 dealers subscribe to both the Autobytel.com and CarSmart.com services. Dealers participate in our network by entering into non-exclusive contracts with us. We expect our dealers to promptly provide a haggle-free, competitive offer. Fees paid by our participating dealers constitute the majority of our revenues.

AutobytelDIRECT is a direct-to-consumer new vehicle buying service offering a real-time online inventory of thousands of vehicles, instant up-front pricing, multiple trade-in options, competitive financing and insurance, and at-home or office delivery. Consumers can search for the vehicle they need, assisted by a variety of filters, such as make, model, series, engine, transmission and color. Once consumers locate their vehicle of choice, AutobytelDIRECT's Customer Care Center assists the consumer in the purchase process.

Our online auction services allow consumers, dealers and consignors to transact new and pre-owned vehicle purchases in a live "bid" environment. Key features include AutoSchematic(SM) (developed by us to provide buyers with a graphic depiction of the exterior, interior and mechanical components of the vehicle, allowing buyers to identify items that are scratched, broken or in need of mechanical attention), real-time bid alerts, buyer and seller profiles, automated inventory uploads for dealers, real-time auction information, and escrow and transportation services.

Consumers can purchase pre-owned vehicles through our Certified Pre-Owned CyberStore(R), our auction services and our Classifieds. The Certified Pre-Owned CyberStore allows consumers to search for a pre-owned vehicle according to the price, make, model, color, year and location of the vehicle. The CyberStore locates and displays the description, location and actual photograph of all vehicles that satisfy the consumer's search parameters. We also provide classifieds on our site where consumers can post pre-owned vehicles for sale.

Our service.autobytel.com site is designed to empower consumers by providing cost effective and efficient processes for dealing with common service and maintenance issues. The site enhances consumer personalization and includes key components such as access to Autobytel.com Accredited Service Centers, the ability to schedule service and maintenance appointments online and receive information such as service reminders and recall information.

Consumers can also apply for and receive insurance, financing, leasing and warranty proposals as well as other services and information through our Web sites. Autobytel.com, in partnership with Lending Tree, Inc.

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and Credit Management Solutions, Inc., launched an online consumer banking center that provides consumers with competitive loan rates from various lenders. Autobytel.com also provides a link on its Web site so consumers can receive real-time quotes for insurance coverage from InsurQuote Systems Incorporated and submit quote applications online. Participants in the program include MetLife(R) Auto & Home Insurance, The Hartford (Hartford Financial Services Group, Inc.) and the GE Auto Insurance Program. CarSmart.com has a similar arrangement with Lending Tree and Credit Management Solutions and provides a link to InsWeb for insurance quote applications. In addition, our online automotive superstore offers a broad range of products to consumers, including parts, accessories, tires, audio and electronics, car care products, tools, books and magazines.

The Autobytel.com dealers use our online information platform, the Dealer Real Time(R) system. The Dealer Real Time system provides dealers with immediate purchase request information for new and pre-owned vehicles, the ability to track customers and purchase requests, automatic uploading of new and pre-owned vehicle inventory into our database and other features. The CarSmart.com dealers use a system called SmarTrack.

Autobytel.com introduced its new vehicle purchasing referral services in May 1995, its Certified Pre-Owned CyberStore in April 1997, its wholesale auction and consumer auction in April and October 1999, respectively, its service and maintenance site in June 1999, its online automotive superstore in December 1999 and its AutobytelDIRECT new vehicle buying service in January 2000.

In 1999 and the first quarter of 2000, we established joint ventures and entered into licensing agreements in Europe, Japan and Australia and are exploring additional opportunities in Europe, Asia and Latin America. We receive fees from each licensing agreement.

In February 2000, Autobytel.com acquired A.I.N. Corporation, the owner of CarSmart.com, one of the leading online buying sites for new and pre-owned vehicles, for 1.8 million shares of Autobytel.com common stock and \$3 million in cash. CarSmart.com has nearly 1,500 dealers, established relationships with more than 200 credit unions and strategic marketing agreements with ten of the top Internet portals, including AOL.com, Alta Vista, Snap.com, GO2Net and the Go Network. A.I.N. Corporation is referred to herein as A.I.N. or CarSmart.com. See Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We are a Delaware corporation incorporated on May 17, 1996. We were previously formed in Delaware in January 1995 as a limited liability company under the name Auto-By-Tel LLC. Our principal corporate offices are located in

Irvine, California. We completed our initial public offering in March 1999 and our common stock is listed on the NASDAQ National Market under the symbol "ABTL."

BACKGROUND

Growth of the Internet and Online Commerce. The Web and online services have emerged as significant global communications and commercial media enabling millions of people worldwide to share information, communicate and conduct business electronically. We believe that the number of Web users will grow based on a number of factors, including the large and growing base of installed personal computers in the home and workplace, the decreasing cost of personal computers, easier, faster and cheaper access to the Internet, the distribution of broadband applications, the proliferation of Internet content and the increasing familiarity and acceptance of the Internet by businesses and consumers.

The growth in the use of the Internet has also led to a rapid growth of online commerce. Web commerce sites are enabling businesses to target and manage a broad customer base and establish and maintain ongoing direct customer relationships. As a growing number of businesses and information providers have begun marketing on the Web, it has rapidly become a medium in which consumers can access a vast amount of information regarding the pricing, quality and specification of products. Additionally, online transactions can be faster, less expensive and more convenient than transactions conducted in person or over the telephone.

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The Automotive Vehicle Market. Automotive dealers operate in localized markets and face significant state regulations and increasing business pressures. These fragmented markets, with approximately 49,000 dealers in aggregate, are characterized by:

- a perceived overabundance of dealerships,
- competitive sales within regional markets,
- increasing advertising and marketing costs that continue to reduce dealer profits,
- high-pressure sales tactics with consumers, and
- large investments by dealers in real estate, construction, personnel and other overhead expenses.

In addition, consumers have traditionally entered into the highly negotiated sales process with relatively little information regarding manufacturer's costs, leasing costs, financing costs, relative specifications and other important information. Buying a vehicle is considered to be one of the most significant purchases a United States consumer makes. According to ADT Automotive Inc., approximately \$709 billion and \$652 billion was spent on new and pre-owned vehicles in the United States representing the sale of approximately 58 million and 56 million vehicles in 1999 and 1998, respectively. Although automotive retailing attracts significant consumer dollars, we believe that consumers associate the traditional vehicle buying experience with high-pressure sales tactics.

THE AUTOBYTEL.COM SOLUTION

We believe that our online products and services improve the vehicle purchasing process for both consumers and dealers. We offer consumers information-rich Web sites, numerous tools to configure this information, and a quality fulfillment experience. As part of the fulfillment experience, we expect our dealers to provide competitive price quotes for new and pre-owned vehicles. We believe our services enable dealers to reduce personnel and marketing costs, increase consumer satisfaction and increase customer volume.

Benefits to Consumers. Our Web sites provide consumers free of charge up-to-date specifications and pricing information on vehicles. In addition, our consumers gain easy access to valuable automotive information, such as dealer invoice pricing and the AutoBuyTools(SM) services which consist of a lease calculator, a loan calculator to determine monthly payments and a lease or buy

decision tool. Our database of articles allows consumers to perform online library research by accessing documents such as weekly automotive reports, consumer reviews and manufacturer brochures. Various automotive information service providers, such as Edmund's, Kelley Blue Book, Pace Publication's Carprice.com, and IntelliChoice, are also available on Autobytel.com's Web site to assist consumers with specific vehicle and related automotive decisions such as insurance and financing. Armed with such information, the consumer should be more confident and capable of making an informed and intelligent vehicle buying decision.

We expect our dealers to provide competitive price quotes for new and pre-owned vehicles within 24 hours. By providing dealers with a large number of consumers through quality purchase requests or through outsourcing the closing of vehicle purchases to AutobytelDIRECT for a fixed fee, we believe that we can help our dealers to lower their operating costs, so that they may offer more competitive prices to their customers.

We believe we offer consumers a significantly different vehicle purchasing experience from that of traditional methods. Consumers using our Web sites are able to shop for a vehicle, and make financing and insurance decisions from the convenience of their own home or office. We expect dealers to provide consumers a haggle-free price quote within 24 hours and a high level of customer service. We form our dealer relationships after careful analysis of automotive sales and demographic data in each region. We seek to include in our dealer network the highest quality dealers within defined territories.

Benefits to Dealers. We believe we benefit dealers by reducing the dealers' incremental personnel and marketing costs, increasing consumer satisfaction and increasing sales volume. Through our investment in national advertising and brand recognition of Autobytel.com and CarSmart.com, we attract consumers to our Web sites and, based on the consumers' preference, we either direct them to dealers in their local area or facilitate the purchase process for consumers through AutobytelDIRECT. We believe this provides dealers

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access to a larger number of prequalified consumers or outsourced purchase transactions. We believe dealers' personnel costs should be reduced because we provide dealers access to potential purchasers who have completed their research and should be ready to buy or lease a vehicle or provide dealers with outsourcing of the vehicle purchase process through AutobytelDIRECT. As a result, reaching these consumers and selling or leasing them vehicles costs the dealer little or no additional overhead expense other than the fees paid to us and the personnel costs of a dedicated manager. Through our Dealer Real Time system, Autobytel.com provides dealers with on-site technology to better track sales, inventory, customer solicitations, responses and other communications.

By providing consumers a quality fulfillment experience, we seek to provide our dealers a large number of consumers, which allows them to compete more effectively. Our solution includes an expanding network of over 4,900 participating dealers in the United States and Canada representing every major domestic and imported make of vehicles and light trucks.

To incent a dealer to participate in the Autobytel.com or CarSmart.com network, we allocate each dealer an exclusive geographic territory in such network based upon specific vehicle make. A territory allocated by us to a dealer is generally larger than a territory assigned to a dealer by a manufacturer.

Our Web Sites. Because Web sites can be continually updated and provide a large quantity of quality information, we believe the Internet offers the most efficient medium for consumers to learn about and shop for vehicles. The Internet's global reach to consumers allows us to leverage our investment in branding and marketing across a very large national and international audience to create qualified purchase requests for vehicles and outsourced purchase transactions of vehicles. For these reasons, we also believe that the Internet represents the most efficient method of directing purchase requests to local markets and dealers.

Autobytel.com currently provides the following services on its Web site:

[Chart depicting programs and services accessible to Internet consumers through Autobytel.com]

CarSmart.com currently provides the following services on its Web site:

[Chart depicting programs and services accessible to
Internet consumers through CarSmart.com]

STRATEGY

Our primary objective is to connect buyers and sellers in an information-rich environment throughout the vehicle ownership lifecycle. We intend to achieve this objective through the following principal strategies:

Continue to Build Brand Equity. We believe that due to our focus on both online and traditional marketing, we own two of the leading brand names in our sector. We intend to continue to aggressively market and advertise to enhance our brand recognition with consumers. We believe that continuing to strengthen brand awareness of the Autobytel.com and CarSmart.com names among consumers is critical to attract vehicle buyers, increase purchase requests and outsourced purchase transactions and, in turn, increase the size of our dealer base. We intend to continue advertising on the Internet and through traditional media, such as television, radio and printed publications.

Ensure the Highest Quality Consumer Experience. We believe that consumer satisfaction and loyalty is heavily influenced by the consumer's experience with our sites and with our dealers. In order to enhance our appeal to consumers, we intend to continue developing our Web sites by enhancing vehicle information and personalization. We formed I-Net Training Technologies LLC with third parties to provide dealers with more extensive training and tools to facilitate Internet selling of vehicles. In addition, we plan to continue compiling high quality content from third party sources on our sites, including information from Edmund's, IntelliChoice, Carprices.com and Kelley Blue Book. We believe that consumer satisfaction with the vehicle purchasing experience is also essential to our success and the differentiation of our services from those of our competitors. We intend to continue to invest in our dealer training and support services to ensure a consistent, high-quality alternative to the traditional vehicle buying process.

Increase Purchase Requests and Purchases. We believe that increasing the volume and quality of purchase requests and purchases directed from our Web sites to our dealer networks is crucial to the long-term growth and success of our business. By augmenting the volume of quality purchase requests and purchases, we expect to attract additional dealers to our networks, increase fees paid by dealers, and solidify our relationships with participating dealers. Our strategy for increasing traffic to our sites and the number of purchase requests and purchases includes forming and maintaining online sponsorships and partnerships with Internet portals, such as Excite, Snap and Alta Vista, and with Internet automotive information providers, such as Edmund's. As part of our strategy to improve the quality of purchase requests, we continue to expand the breadth and depth of information and services available through our Web sites to insure that well informed, ready-to-buy consumers are directed to participating dealers. In addition, we established AutobytelDIRECT to attract consumers who prefer to complete the purchase of a vehicle with our assistance and limited dealer contact. The service provides dealers with outsourcing of the purchase process of a vehicle for a fixed fee and the added convenience to consumers of completing the purchase process online with our assistance.

Expand and Improve Dealer Network. We believe that strengthening the size and quality of our dealer networks is important to the success and growth of our business. Our strategy is to increase the size of our dealer networks by attracting new dealers and strengthening relationships with existing dealers by:

- increasing the volume and quality of purchase requests and purchases,
- advertising in trade publications aimed at dealers and participating in industry trade shows,

- maintaining our extensive training and support programs to participating dealers, and
- providing our Dealer Real Time or SmarTrack systems, as applicable, to all participating dealers.

Invest in Related Products and Services. We believe that expanding our products and services to both consumers and dealers is critical to establish ourselves as the premier provider of online automotive products and services. Our strategy is to continue to enhance personalization features and invest in related products and services, such as the CyberStore, online auctions, maintenance and service, and warranty, finance and insurance services. The Dealer Real Time and SmarTrack systems will allow us to launch new products and services for our dealers. We also allow dealers to offer accessories directly through our Web sites. We expanded the advertising sales on our Web sites in 1999 and recently began to market the information in our database in accordance with our privacy policy. We expect to further expand these businesses in 2000.

Expand Internationally. We intend to continue our international expansion through licensing agreements and partnering with local strategic partners. We established Autobytel.Europe LLC with Inchcape plc, Pon Holdings B.V. and GE Capital to expand our operations and business throughout Europe. We licensed our technology, business processes and trade name to Autobytel.Europe on a royalty free perpetual basis and contributed to Autobytel.Europe our existing license agreements for the United Kingdom and Scandinavia and Finland. In turn, Autobytel.Europe intends to license such technology, business processes and trade name to other national operating companies in European countries. Autobytel.Europe will usually invest in such national operating companies or obtain options to acquire equity positions in such companies. Autobytel.Europe currently has a licensing agreement for The Netherlands, Belgium and Luxembourg and intends to establish licensing agreements in Germany, France, Spain, Portugal and Italy as well as certain other countries in Western and Eastern Europe. We have also established joint ventures in Japan and Australia with several strategic partners. We are currently exploring additional opportunities in Asia and Latin America.

PRODUCTS, PROGRAMS AND SERVICES

New Vehicle Purchasing Service. Our new vehicle purchasing service enables consumers to shop for and select a new vehicle through our Web sites by providing research on new vehicles such as pricing, features, specifications and colors. When consumers indicate they are ready to buy, a consumer can complete a purchase request online, which specifies the type of vehicle and accessories the consumer desires, along with the consumer's contact information. The purchase request is then routed by us to the nearest participating dealer that sells the type of vehicle requested, and we promptly return an e-mail message to the consumer with

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the dealership's name and phone number and the name of the dedicated manager at the dealership. Dealers agree in their contracts to contact the consumer within 24 hours of receiving the purchase request with a firm, haggle-free price quote for the requested vehicle. When consumers complete their purchase, they usually take delivery of their vehicle at the dealership showroom. Generally, within ten days of the submission of a consumer's purchase request, we contact the consumer again by e-mail to conduct a quality assurance survey that allows us to evaluate the sales process at participating dealers and improve the quality of dealer service.

Our network has grown to over 4,900 dealers as of February 29, 2000, of which over 3,400 are Autobytel.com dealers and nearly 1,500 are CarSmart.com dealers. Approximately 400 dealers subscribe to both the Autobytel.com and CarSmart.com services. These dealers represent every major domestic and imported make of vehicle and light truck sold in the United States and Canada. Dealerships are charged initial subscription fees and on-going fees, principally on a monthly basis.

New Vehicle Direct Service. We launched our direct-to-consumer new vehicle buying service in January 2000. AutobytelDIRECT is a direct-to-consumer new vehicle buying service offering a real-time online inventory of thousands of vehicles, instant up-front pricing, multiple trade-in options, competitive financing and insurance and at-home or office delivery. Consumers can search for the vehicle they desire assisted by a variety of filters, such as make, model,

service, engine, transmission and color. Once consumers locate their vehicle of choice, AutobyteDIRECT's Customer Care Center can assist in the purchase process.

AutobyteDIRECT allows dealers to outsource the closing of the vehicle purchase for a fixed fee. In most states, upon the completion of a sale, AutobyteDIRECT dealers will pay fees ranging from \$100-\$300, depending on the gross selling price of the vehicle. As of February 29, 2000, AutobyteDIRECT had 1,030 participating dealers.

Certified Pre-Owned CyberStore. We launched our CyberStore program in April 1997. The CyberStore allows consumers to search for a pre-owned vehicle according to specific search parameters such as the price, make, model, mileage, year and location of the vehicle. CyberStore locates and displays the description, location and actual digital photograph of vehicles that satisfy the search parameters. The consumer can then complete a formal purchase request for a specific vehicle and is contacted by the dealer to conclude the sale. To be listed in the CyberStore a pre-owned vehicle must pass a 135-point inspection and be covered by a 72-hour money-back guarantee and a three-month, 3,000-mile warranty, which is honored nationally by all CyberStore dealers. We charge each vehicle dealer that participates in the CyberStore program a separate additional monthly fee. The CyberStore program uses the Dealer Real Time system to provide participating dealers online purchase requests shortly after submission by consumers as well as the ability to track their inventory on a real-time basis.

Online Auction Services. In 1999, we launched our consumer-to-consumer, dealer-to-consumer and dealer-to-dealer auction services. The auction services allow dealers, consignors and private sellers and buyers to transact new and pre-owned vehicle purchases in a live "bid" environment. Key features include AutoSchematic (developed by us to provide buyers with a graphic depiction of the exterior, interior and mechanical components of the vehicle, allowing buyers to identify items that are scratched, broken or in need of mechanical attention), real-time bid alerts, buyer and seller profiles, automated inventory uploads for dealers, real-time auction information and escrow and transportation services.

Sellers can post vehicles on auction for a fee. The auction allows for automated bid and reserve adjustments. Buyers can continue to bid on the vehicle of their choice without being at the computer by selecting their maximum and minimum bids and placing bids by proxy.

The wholesale auction service streamlines the process of wholesale buying and selling pre-owned vehicles. Dealers are able to place online bids for pre-owned vehicles directly to the wholesaler, eliminating associated distribution costs.

Service and Maintenance. In June 1999, we launched service.autobytel.com, a comprehensive site designed to facilitate the service process for consumers. The site is designed to empower consumers with cost effective and efficient processes for dealing with common service and maintenance issues. The site enhances consumer personalization. It includes key components such as access to Autobytel.com Accredited Service

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Centers and the ability to schedule service and maintenance appointments online. The site also provides an Electronic Garage where consumers can store and receive information about their cars and trucks, such as service reminders, recall information and a lease watch to help keep track of mileage on a leased vehicle. The site offers "Ask the Expert", a section that offers answers to frequently asked service and maintenance questions. We plan to launch Online Automotive Diagnostic Center where consumers could obtain a synopsis of possible causes and solutions for problems or symptoms their vehicle is displaying and to feature message boards where Internet consumers can post questions or requests for advice.

Participating service centers must commit to respond to consumers within 24 hours with competitive no-haggle service prices. The site enables dealers to use the Internet to further serve their customers. As of February 29, 2000, we had 1,502 Autobytel.com Accredited Service Centers.

Online Automotive Superstore. We launched the Autobytel.com online automotive superstore in December 1999. The superstore offers a broad range of products to consumers, including parts, accessories, tires, audio and electronics, car care products, tools, books and magazines. The superstore is

designed to enhance our consumer relationship by providing a trusted resource for products that complete or complement the vehicle purchase process. As of February 29, 2000, providers in the superstore included Wrenhead.com, CarParts.com, Automotive.com, Autoaccessory.com, TireRack.com, 1StopTools.com and Amazon.com.

Other Related Products and Services. We offer a number of related products and services that we market to consumers through our Web sites and the linked Web sites of participating partners. We make purchase and lease financing available to consumers through an online consumer banking center established with Lending Tree, Inc. and Credit Management Solutions, Inc. that allow consumers to research and apply for vehicle financing online in a secure manner from multiple lenders. Consumers can apply for a loan or lease online at the time they submit their purchase request for either a new or pre-owned vehicle. Consumers are able to arrive at the dealership with their loan pre-approved, their credit verification documents in hand, and the loan paperwork waiting for them. We believe that the convenience of pre-approved purchase or lease financing, combined with a firm, competitive price, enables dealers more easily to consummate purchase requests. Lending Tree pays us a referral fee and an origination fee for most loans. Autobytel.com also currently markets financing through CarFinance.com.

We provide a link on our Autobytel.com Web site so consumers can receive real-time quotes for insurance coverage from InsurQuote Systems Incorporated and submit quote applications online. Participants in the program include MetLife(R) Auto & Home Insurance, The Hartford (Hartford Financial Services Group, Inc.) and the GE Auto Insurance Program, with eCoverage, Esurance and Avomark Insurance Company expected to commence participation in the second quarter. As of February 29, 2000, the service is available to consumers in the following 14 states: Arizona, California, Connecticut, Florida, Illinois, Indiana, Louisiana, New York, Ohio, Pennsylvania, Texas, Virginia, Washington and Wisconsin. Autobytel.com receives a marketing fee for every quote application sent to a participating insurance company or agent from a consumer accessing the InsurQuote Systems Web site through the Autobytel.com Web site. Carsmart.com provides a link to InsWeb for insurance quote applications. In addition, we provide Fireman's Fund warranty products and receive fees per warranty sold.

We offer information concerning all aspects of owning and leasing new and pre-owned vehicles that we believe makes our Web sites valuable resources to consumers. AutoBuyTools, a service on the Autobytel.com Web site, consists of a lease calculator, a loan calculator to determine monthly payments and a lease or buy decision tool.

Classifieds. We provide classifieds on our sites where consumers can post pre-owned vehicles for sale. Since inception in August 1999, approximately 14,000 vehicles were posted on Autobytel.com's classifieds.

The Dealer Real Time System. In 1997, we launched a proprietary technology and software system called the Dealer Real Time system. The Dealer Real Time system is an Internet-based communications platform that gives dealers a competitive advantage compared to delivering purchase requests by fax.

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Using Internet technology, the Dealer Real Time system enables the dealer to:

- instantaneously access a consumer's vehicle purchase request as soon as the consumer submits it online,
- track all interaction with the consumer,
- send e-mail to consumers using a variety of predetermined templates,
- input new and used vehicle inventory information for immediate display to consumers on Autobytel.com Web pages,
- track dealership performance through a series of reports available online,
- access Autobytel.com "news" and product information online, and
- contact Autobytel.com technical support personnel via e-mail links.

CarSmart.com dealers use the SmarTrack system. We are currently evaluating whether to standardize all of our dealers on a single system.

INTERNATIONAL ACTIVITIES

We have established and intend to further expand our presence in foreign markets through licensing agreements and by establishing relationships with vehicle dealers and strategic partners located in foreign markets.

Europe. We established Autobytel.Europe with strategic partners to expand our operations in Europe. We licensed our technology, business processes and trade name to Autobytel.Europe on a royalty free perpetual basis and contributed to Autobytel.Europe our existing license agreements for the United Kingdom and Scandinavia and Finland. Autobytel.Europe intends to license such technology, business processes and trade name to national operating companies in European countries. Autobytel.Europe will generally invest in such national operating companies or obtain options to acquire equity positions in such companies. Autobytel.Europe also intends to offer joint services to such companies to localize the Autobytel.com offerings while building its brand name among consumers in individual countries as well as on a Pan-European and regional basis. The strategic partners in Autobytel.Europe are GE Capital, Inchcape plc, the United Kingdom's largest independent importer and distributor of motor vehicles, Pon Holdings B.V., a major distributor of vehicles in the Netherlands, and e-LaSer, a leader in customer services and e-commerce in Europe and a subsidiary of Galeries Lafayette Group. As of February 29, 2000, total funding for Autobytel.Europe was \$36.7 million. As of such date, we owned 78% of Autobytel.Europe and the total equity value of Autobytel.Europe, based on the funding price, was \$146.7 million.

The license agreement with Auto-by-Tel UK limited, a subsidiary of Inchcape plc, is a 20-year exclusive agreement to license our technology, business processes and trade name in the United Kingdom, as well as provide maintenance and development for such technology. The license agreement with Auto-By-Tel AB is a similar 10-year exclusive agreement for Scandinavia and Finland. The United Kingdom and Swedish sites were launched in April 1999. The sites for Denmark, Norway and Finland are expected to launch in 2000. Autobytel.com has an option to purchase up to 20% of the shares of Auto-By-Tel AB. Autobytel.Europe entered into a license agreement for The Netherlands, Belgium and Luxembourg and intends to establish licensing agreements in Germany, France, Spain, Portugal and Italy as well as other countries in Western and Eastern Europe.

Japan. In June 1999 we established Autobytel Japan Kabushiki Kaisha with six Japanese partners. We entered into a 10-year exclusive agreement with Autobytel Japan to license our technology, business processes and trade name in Japan. The strategic partners in Autobytel Japan are ITOCHU Corporation, a global trading company with over \$110 billion in revenue; Intec, Inc., a leading independent systems integrator and network service provider with its own infrastructure in Japan; e-solutions, inc., an e-commerce solutions provider from business plan to implementation; Recruit Co., Ltd., the publisher of Japan's most widely recognized auto-related magazine; Orient Corporation, a leading consumer finance company in Japan; and

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TransCosmos, a leading network services company in Japan. GE Capital is also an investor in Autobytel Japan. Autobytel Japan launched its Web site in November 1999. As of February 29, 2000, we owned 27% of Autobytel Japan and the total equity value of Autobytel Japan, based on the most recent round of financing, was \$78.4 million.

Australia. In February 2000 we established autobytel Australia Pty Limited with six Australian partners. We entered into a 10-year exclusive agreement with Autobytel Australia to license our technology, business processes and trade name in Australia as well as to localize the Autobytel.com offerings for the Australian market. The strategic partners in Australia are St. George Bank Limited, one of Australia's largest banks with over 20 years experience in the automotive finance industry; Trading Post, Australia's largest print and online used car market; Astre Automotive, Australia's largest vehicle distributor and importer; RACV (Royal Automobile Club of Victoria), with approximately 1.3 million members; Fortis Insurance, one of Australia's largest automotive insurance companies; and Strathfield E-Ventures, a technology based company specializing in e-commerce sales of auto accessories with extensive automotive e-commerce knowledge. Autobytel Australia expects to launch its Web site in

mid-2000. As of February 29, 2000, we owned 30% of Autobytel Australia and the total equity value of Autobytel Australia, based on the initial funding, was \$8.8 million.

Canada. Through our wholly-owned subsidiary, Autobytel.ca inc., we launched Autobytel.ca in Canada in 1998. As of February 29, 2000, approximately 170 Canadian dealerships belonged to our network.

Expansion Opportunities. We are currently exploring additional opportunities in Asia and Latin America.

MARKETING AND SALES

Our ability to enhance the recognition of our brand names, domestically and internationally, and position ourselves as a leading Internet-based vehicle information and automotive services provider is important to our efforts to increase the number of vehicle purchase requests, outsourced purchases and requests for ancillary services, as well as the number and quality of subscribing dealerships. Over the past several years, we have been the subject of numerous newspaper, magazine, radio and television stories. Articles about our new vehicle program have appeared in Business Week, Fortune, Forbes, Time, and The Wall Street Journal, among other publications. Television stories featuring us have been aired nationally on all major television networks. We believe that ongoing media coverage is an important element in creating consumer awareness of our brand names and has contributed to dealership awareness of, and participation in, our programs.

We have established marketing and advertising programs with many of the leading automotive information providers on the Internet, including Edmund's, IntelliChoice and Kelley Blue Book which direct traffic to our Web site and increase purchase requests. Our agreements with automotive information providers typically have terms ranging from one to four years. The agreement with Kelley Blue Book is for an indefinite term but can be terminated on 30 days' notice by either party. Our Kelley Blue Book agreement calls for a monthly payment based on the number of times their visitors click on our links. Our position with Kelley Blue Book is not an exclusive arrangement. Therefore, our competitors have similar relationships with Kelley Blue Book.

In 1997, 1998 and 1999, approximately 49%, 34% and 23%, respectively, of Autobytel.com's total purchase requests originated from Edmund's. Our agreement with Edmund's, pursuant to which we receive referrals from Edmund's Web site, is scheduled to expire July 31, 2000. Edmund's refers visitors to its Web site to us exclusively, although Edmund's may refer prospective buyers directly to automotive manufacturers' Web sites and dealer locator services. Edmund's provides Autobytel.com with the largest number of purchase requests, other than consumers visiting the Autobytel.com Web site directly. We pay Edmund's a monthly fee based on a per purchase request basis. We pay IntelliChoice both a monthly fee for the use of its data and a fee for each purchase request. Our arrangement with them is not exclusive, as they provide data to other Web sites.

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We believe that our presence on these Internet sites helps to increase purchase request volume and will remain a key element of our future business. For example, we have agreements with AT&T Corp., Classifieds2000, Excite and NBC Internet that provide as follows:

- We pay AT&T a monthly fee to insert our branded content on their site which includes a car purchasing link enabling their visitors to send us purchase requests. We also pay AT&T a fee for each purchase request it sends us. The agreement is not exclusive and is for an indefinite term which can be terminated on 30 days' notice by either party.
- Our contract with Classifieds2000 provides that we pay a monthly fee as well as a fee for each purchase request it sends us for the number of users who submit purchase requests after having visited its site. It also includes our pre-owned vehicle inventory in its classified listings. In return we provide it with a link on our site where owners can list their cars for sale directly. Our arrangement with Classifieds2000 is exclusive. The agreement is for an indefinite term which can be terminated on 30 days' notice by either party.
- Our agreement with Excite covering its auto channel provides that we pay

Excite a set-up fee, an annual fee and a fee for each purchase request it sends us. The agreement provides us with exclusivity in their auto channel and expires in September 2000.

- Our agreement with NBC Internet provides for anchor tenancy in the New Car Center on its Web sites, including Snap.com, Xoom.com and NBCi.com, as well as other promotions on such Web sites. The agreement also provides for a co-branded Web site. The agreement is for a term of three years. We pay NBCi annual and monthly fees.

Autobytel.com's aggregate minimum future payments under its agreements with Internet portals is \$13.1 million.

During 1999, Autobytel.com's total Internet marketing and advertising costs incurred were \$14.3 million, including annual, monthly and variable fees of \$2.1 million, \$4.7 million and \$7.5 million, respectively. No set-up or initial fees were incurred in 1999.

We supplement our Internet presence with television and traditional print advertising. In late 1996, we began to broaden our marketing efforts with a campaign to accelerate consumer awareness of the Autobytel.com brand name and drive traffic to our Web site through cable television advertisements featured on CNN and CNET, Inc. and network television advertisements featured on NBC and MSNBC. We expect to continue to use television advertising to strengthen our brand awareness. As of December 31, 1999, the aggregate future minimum payments we are required to make for television advertising was \$1.7 million.

In addition to our consumer-oriented marketing activities, we also market our programs directly to dealerships, participate in trade shows, advertise in trade publications and major automotive magazines and encourage subscribing dealerships to recommend our program to other dealerships.

INTELLECTUAL PROPERTY

We have registered service marks, including Auto-By-Tel and Autobytel.com and have applied for additional service marks and numerous patents. The Autobytel.com logo is a service mark and trademark for which we have applied for federal registration. We regard our trademarks, servicemarks and brand names as important to our business.

DEALER RELATIONSHIPS AND SERVICES

Dealer Network. Dealers participate in our networks by entering into contracts with us. Since the end of January 1999 and on a going forward basis Autobytel.com is converting its dealers to new contracts with one-year terms that are terminable on 30 days' notice by either party. Our dealerships are located in most major metropolitan areas in the United States and Canada. As of February 29, 2000, the Autobytel.com participating dealership base totaled over 3,400 dealers. Dealerships pay initiation and monthly fees to subscribe to our online marketing program. Both the initial and monthly subscription fees are established in

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the contract and are based upon many business factors including the type and location of the franchise. We reserve the right to raise our fees to dealers upon 30 days notice after the first six months of the term. We do not prevent dealers from entering into agreements with our competitors.

CarSmart.com's dealer agreements are generally for a term of three years and are terminable on 30 days' notice by CarSmart.com. As of February 29, 2000, the CarSmart.com participating dealership base totaled nearly 1,500 dealers. CarSmart.com's dealers pay initial, annual and monthly subscription fees. CarSmart.com reserves the right to revise fees after six months. Since November 1999 and on a going forward basis CarSmart.com is converting its dealers to new contracts with one year terms and no annual fees.

As of February 29, 2000, dealers that participated in both the Autobytel.com and CarSmart.com new vehicle purchasing services totaled approximately 400.

As of February 29, 2000, 1,030 dealers participated in our AutobytelDIRECT service. Dealer agreements for the AutobytelDIRECT service provide for a fixed fee of \$100-\$300 for each vehicle sold through the service, depending on the

gross sales price of the vehicle. Such agreements are cancelable by either party upon 30 days notice.

Customer Support. We actively monitor subscribing dealers through ongoing customer surveys, and research conducted by our internal dealer support group. Generally, within ten days after a consumer submits a purchase request through our Web site, we re-contact the consumer by e-mail requesting completion of a quality assurance survey on our Web site that allows us to evaluate the sales process at participating dealers. Dealerships that fail to abide by our program guidelines or who generate repeated consumer complaints are reviewed and, if appropriate, terminated. In return for requiring a high level of consumer service, we assign participating dealerships exclusive territories. We try to assign dealers attractive territories in order to increase participation in our program.

Each dealer agreement obligates the dealers to adhere to our policy of providing prompt responses to customers, no haggle pricing and full disclosure regarding vehicle availability, add-ons and related matters. We require each dealer to have a manager whose principal responsibility is supervising our system, similar to the way in which most dealers have a new vehicle sales manager, pre-owned vehicle sales manager and service and parts department managers who are responsible for those dealership functions. We reserve the right to reduce or modify each dealer's assigned territory after the first six months, although there can be no assurance that a dealer whose territory is reduced or modified will not contest such a change or terminate its subscription. In addition, dealers whose territories are reduced or modified by us may sue us in an effort to prevent the change or recover damages.

Training. We believe that dealers and their employees require specialized training to learn the skills necessary to serve the Internet user and take full advantage of our proprietary systems. Therefore, we have developed an extensive training program for our dealers. We believe that this training is critical to enhancing our brand and reputation. We require participating dealerships to have their representatives trained on our system. Training is conducted at our headquarters in Irvine, California, at regional training centers and at dealerships' premises. Training is currently provided to the dealers at no additional cost. In training our dealers, we de-emphasize traditional vehicle selling techniques and emphasize the Autobytel.com approach. To increase consumer satisfaction and reduce costs, we seek to discourage dealerships from using commissioned and multiple salespersons to interface with our customers. In October 1999, we formed I-Net Training Technologies LLC with third parties to provide dealers with more extensive training and tools to facilitate Internet selling of vehicles. Such services are provided for a fee.

COMPETITION

We believe that the principal competitive factors affecting the market for Internet-based vehicle marketing services include:

- successful marketing and establishment of national brand name recognition,
- ease of use, speed and quality of service execution,

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- the size and effectiveness of the participating dealership base,
- the volume and quality of traffic to and purchase requests and other transactions from a Web site,
- the ability to introduce new services in a timely and cost-effective manner.
- technical expertise,
- customer satisfaction, and
- competitive dealer pricing.

Our vehicle purchasing services compete against a variety of Internet and traditional vehicle buying services, automotive brokers and classifieds. With

numerous recent entrants into our market, our competition has substantially increased. Many of such recent entrants are substantially better financed than we are. In the Internet-based market, we compete with other entities which maintain similar commercial Web sites including Autoweb.com, Cendant Membership Service, Inc.'s AutoVantage, Microsoft Corporation's CarPoint, CarsDirect.com, CarOrder.com, Cars.com, Driveoff.com, Greenlight.com and AutoTrader.com. AutoNation, a large consolidator of dealers, has a Web site for marketing vehicles. We also compete indirectly against vehicle brokerage firms and affinity programs offered by several companies, including Costco Wholesale Corporation and Wal-Mart Stores, Inc. In addition, all major vehicle manufacturers have their own Web sites and many have launched online buying services, such as General Motors Corporation's BuyPower.

We compete with vehicle insurers, lenders and lessors as well as individual dealerships. Such companies may already maintain or may introduce Web sites which compete with ours. We cannot assure that we can compete successfully against current or future competitors, many of which have substantially more capital, resources and access to additional financing than we do, nor can there be any assurance that competitive pressures faced by us will not result in increased marketing costs, decreased Web site traffic or loss of market share or otherwise will not materially and adversely affect our business, results of operations and financial condition. We compete primarily on brand name recognition acquired through early entry into the Internet-based automotive purchase referral market and through customer and dealer satisfaction.

OPERATIONS AND TECHNOLOGY

We believe that our future success is significantly dependent upon our ability to continue to deliver high-performance and reliable Web sites, enhance consumer/dealer communications, maintain the highest levels of information privacy and ensure transactional security. Autobytel.com currently hosts its Web site at our data center. Our data center includes redundant infrastructure and network connections and is located at our headquarters in Irvine, California. In the future, we may host our infrastructure at a leading Application Service Provider. Our network and computer systems are built on the leading industry standards. Network security is provided by utilizing standard products. CarSmart.com's site is hosted by a third party.

System enhancements are primarily intended to accommodate increased traffic across our Web sites, improve the speed in which purchase requests are processed and introduce new and enhanced products and services. System enhancements entail the implementation of sophisticated new technology and system processes.

GOVERNMENT REGULATION

Currently few laws or regulations have been adopted that apply directly to Internet business activities. The adoption of additional local, state, national or international laws or regulations may decrease the growth of Internet usage or the acceptance of Internet commerce.

We believe that our dealer marketing services do not constitute franchising or, other than our AutobytelDIRECT service, vehicle brokerage activity in a way that makes federal and state franchise, motor vehicle dealer, or vehicle broker licensing laws applicable to us. Through a subsidiary, we are licensed as a motor vehicle dealer and broker. However, if individual state regulatory requirements change or additional requirements are imposed on us, we may be required to modify our service programs in such a state in a

manner which may undermine our program's attractiveness to consumers or dealers or not offer such service or terminate our operations in such a state. As we introduce new services, we may need to comply with additional licensing regulations and regulatory requirements.

Our services may result in changes in the way vehicles are currently sold or may be viewed as threatening by new and pre-owned vehicle dealers who do not subscribe to our programs. Such businesses are often represented by influential lobbying organizations, and such organizations or other persons may propose legislation that, if adopted, could impact our evolving marketing and distribution model.

Other countries to which we expand our operations may have laws or be subject to treaties that regulate the marketing, distribution, and sale of vehicles. As we consider specific foreign operations, we will need to determine whether the laws of the countries in which we seek to operate require us to modify our program or otherwise change the Autobyte.com system or prohibit the use of the system in such country entirely. In addition, the laws of a foreign country may impose licensing, bonding or similar requirements on us as a condition to doing business there.

To date, we have not expended significant resources on lobbying or related government affairs issues but may be required to do so in the future.

Franchise Classification. If our relationship or written agreement with our dealers was found to be a "franchise" under federal or state franchise laws, we could be subjected to additional regulations, including but not limited to licensing, increased reporting and disclosure requirements. Compliance with varied laws, regulations, and enforcement characteristics found in each state may require us to allocate both staff time and monetary resources, each of which may have an adverse effect on our results of operations. As an additional risk, if our dealer relationship or subscription agreement is determined to establish a franchise, we may be subject to limitations on our ability to quickly and efficiently effect changes in our dealer relationships in response to changing market trends, which may negatively impact our ability to compete in the marketplace.

We believe that neither our relationship with our subscribing dealers nor our dealer subscription agreements themselves constitute "franchises" under federal or state franchise laws. This belief has been upheld by a Federal Appeals Court in Michigan that ruled our business relationship and our dealer subscription agreement does not rise to the level of a "franchise" under Michigan law.

Vehicle Brokerage Activities. We believe that, except in respect of the AutobyteDIRECT service, state motor vehicles dealer or broker licensing laws do not apply to us. Through a wholly-owned subsidiary, we are licensed as a motor vehicle dealer and broker. We may be required to pay administrative fees, fines, and penalties for failure to comply with such licensing requirements. We believe that our dealer marketing referral service model does not qualify as an automobile brokerage activity.

In response to concerns about our marketing referral program raised by the Texas Department of Transportation, we modified our program in that state to achieve compliance. These modifications included a unique pricing model under which all subscribing dealerships in Texas are charged uniform fees based on the population density of their particular geographic area and opening our program to all dealerships who wish to apply.

In the event that any other state's regulatory requirements impose state specific requirements on us or include us within an industry-specific regulatory scheme, we may be required to modify our marketing programs in such states in a manner which may undermine the program's attractiveness to consumers or dealers. In the alternative, if we determine that the licensing and related requirements are overly burdensome, we may elect to terminate operations in such state. In each case, our business, results of operations and financial condition could be materially and adversely affected.

Financing Related Activities. We provide a connection through our Web sites that allows a consumer to obtain finance information and loan approval. We do not demand nor do we receive any fees from consumers for this service. In the event states require us to be licensed as a financial broker, we intend to obtain such licenses. We may be unable to comply with a state's regulations affecting our current operations or newly

introduced services, or we could be required to incur significant fees and expenses to license or be compelled to discontinue finance operations in those states.

Insurance Related Activities. We provide a link on our Autobyte.com Web site so consumers can receive real time quotes for insurance coverage from InsurQuote Systems Incorporated and submit quote applications online. Participants in the program include MetLife(R) Auto & Home Insurance, The

Hartford (Hartford Financial Services Group, Inc.) and the GE Auto Insurance Program, with eCoverage, Esurance and Avomark Insurance Company expected to commence participation in the second quarter. Autobytel.com receives a marketing fee for every quote application sent to a participating insurance company or agent from a consumer accessing the InsurQuote Systems Web site through the Autobytel.com Web site. We receive no premiums from consumers nor do we charge consumers fees for our services. All applications are completed on InsurQuote's Website. CarSmart.com provides a link to InsWeb for insurance quote applications.

We do not believe that our activity requires us to be licensed under state insurance laws. The use of the Internet in the marketing of insurance products, however, is a relatively new practice. It is not clear whether or to what extent state insurance licensing laws apply to activities similar to ours. Given this uncertainty, we have proactively applied for and currently hold, through a wholly-owned subsidiary, insurance agent licenses or are otherwise authorized to transact insurance in 47 states and the District of Columbia. We have also applied for insurance agent licenses in all remaining states that license corporations as insurance agents and are awaiting approvals.

EMPLOYEES

As of February 29, 2000, we had a total of 255 employees, including 42 employees of CarSmart.com. We also utilize independent contractors as required. None of our employees are represented by a labor union. We have not experienced any work stoppages and consider our employee relations to be good.

RISK FACTORS

In addition to the factors discussed in the "Overview" and "Liquidity and Capital Resources" sections of Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K, the following additional factors may affect our future results.

WE HAVE A HISTORY OF NET LOSSES AND EXPECT NET LOSSES FOR THE FORESEEABLE FUTURE. IF WE CONTINUE TO LOSE MONEY, OUR OPERATIONS WILL NOT BE FINANCIALLY VIABLE.

We were formed in January 1995 as Auto-By-Tel LLC, and first received revenues from operations in March 1995. We therefore have a limited operating history upon which an investor may evaluate our operations and future prospects. Because of the recent emergence of the Internet-based vehicle information and purchasing industry, none of our senior executives has significant experience in the industry. This limited operating history and management experience means it is difficult for us to predict future operating results.

We have incurred losses every quarter since inception and expect to continue to incur losses for the foreseeable future. Autobytel.com had an accumulated deficit of \$66.6 million and \$43.3 million as of December 31, 1999 and 1998, respectively. CarSmart.com had an accumulated deficit of \$3.1 million and \$1.8 million as of December 31, 1999 and 1998, respectively.

Our potential for future profitability must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in the early stages of development, particularly companies in new and rapidly evolving markets, such as the market for Internet commerce. To achieve profitability, we must, among other things:

- generate increased vehicle buyer traffic to our Web sites,
- continue to send new and pre-owned vehicle purchase requests to dealers that result in sufficient dealer transactions to justify our fees,
- continue to expand the number of dealers in our network and enhance the quality of dealers,

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- respond to competitive developments,
- maintain a high degree of customer satisfaction,
- provide secure and easy to use Web sites for customers,

- increase our brand name visibility,
- successfully introduce new products and services,
- continue to attract, retain and motivate qualified personnel, and
- continue to upgrade and enhance our technologies to accommodate expanded service offerings and increased consumer traffic.

We cannot be certain that we will be successful in achieving these goals.

IF OUR DEALER TURNOVER INCREASES, OUR DEALER NETWORKS AND REVENUES DERIVED FROM THESE NETWORKS MAY DECREASE.

The majority of our revenues are derived from fees paid by our networks of subscribing dealers. If dealer turnover increases and we are unable to add new dealers to mitigate any turnover, our revenues will decrease as our networks of dealers decreases. If the number of dealers in our networks declines our revenues may decrease and our business, results of operations and financial condition will be materially and adversely affected. A material factor affecting dealer turnover is our ability to provide dealers with high quality purchase requests. High quality purchase requests are those that result in high closing ratios. Closing ratio is the ratio of the number of vehicles purchased at a dealer generated from purchase requests to the total number of purchase requests sent to that dealer. All of our subscribing dealers have entered into written marketing agreements with us having a stated term of one year, three years or five years, but the Autobytel.com dealer agreements are cancelable by the dealer upon 30 days notice. A significant number of the agreements are for a one year term. We cannot assure that dealers will not terminate their agreements with us. Subscribing dealers may terminate their relationship with Autobytel.com for any reason, including an unwillingness to accept our subscription terms or as a result of joining alternative marketing programs. Our business is dependent upon our ability to attract and retain qualified new and pre-owned vehicle dealers. During 1999, Autobytel.com added 1,508 subscribing dealers to its North American dealer network and 578 subscribing dealers terminated their affiliation with Autobytel.com or were terminated by it. During 1999, CarSmart.com added 927 subscribing dealers to its North American dealer network and 242 subscribing dealers terminated their affiliation with it or were terminated by it. In order for us to grow or maintain our dealer networks, we may need to reduce dealer turnover.

WE MAY LOSE SUBSCRIBING DEALERS IF WE RECONFIGURE DEALER TERRITORIES. IF WE LOSE DEALERS, WE WILL LOSE THE REVENUES ASSOCIATED WITH THOSE DEALERS.

If the volume of purchase requests increases, we may reduce or reconfigure the exclusive territories currently assigned to dealers in order to serve consumers more effectively. If a dealer is unwilling to accept a reduction or reconfiguration of its territory, it may terminate its relationship with us. The loss of dealers will cause a subsequent reduction in revenues unless we are able to mitigate this loss by adding new dealers or increasing the fees we receive from other dealers. A dealer also could sue us to prevent such reduction or reconfiguration, or collect damages from us. We have experienced one such lawsuit. A material decrease in the number of dealers subscribing to our network or litigation with dealers could have a material adverse effect on our business, results of operations and financial condition.

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WE RELY HEAVILY ON OUR PARTICIPATING DEALERS TO PROMOTE OUR BRAND VALUE BY PROVIDING HIGH QUALITY SERVICES TO OUR CONSUMERS. IF DEALERS DO NOT PROVIDE OUR CONSUMERS HIGH QUALITY SERVICES, OUR BRAND VALUE WILL DIMINISH AND THE NUMBER OF CONSUMERS WHO USE OUR SERVICES MAY DECLINE CAUSING A DECREASE IN OUR REVENUES.

Promotion of our brand value depends on our ability to provide consumers a high quality experience for purchasing vehicles throughout the purchasing process. If our dealers do not provide consumers with high quality service, the value of our brand could be damaged and the number of consumers using our services may decrease. We devote significant efforts to train participating dealers in practices that are intended to increase consumer satisfaction. Our inability to train dealers effectively, or the failure by participating dealers to adopt recommended practices, respond rapidly and professionally to vehicle inquiries, or sell and lease vehicles in accordance with our marketing strategies, could result in low consumer satisfaction, damage our brand name and

could materially and adversely affect our business, results of operations and financial condition.

INTENSE COMPETITION COULD REDUCE OUR MARKET SHARE AND HARM OUR FINANCIAL PERFORMANCE. OUR MARKET IS COMPETITIVE NOT ONLY BECAUSE THE INTERNET HAS MINIMAL BARRIERS TO ENTRY, BUT ALSO BECAUSE WE COMPETE DIRECTLY WITH OTHER COMPANIES IN THE OFFLINE ENVIRONMENT.

Our vehicle purchasing services compete against a variety of Internet and traditional vehicle purchasing services, automotive brokers and classifieds. Therefore, we are affected by the competitive factors faced by both Internet commerce companies as well as traditional, offline companies within the automotive and automotive-related industries. The market for Internet-based commercial services is new, and competition among commercial Web sites is expected to increase significantly in the future. With numerous recent entrants into our market, our competition has substantially increased. Many of such recent entrants are substantially better financed than we are. Our business is characterized by minimal barriers to entry, and new competitors can launch a competitive service at relatively low cost. To compete successfully as an Internet-based commercial entity, we must significantly increase awareness of our services and brand name. Failure to achieve these objectives will cause our revenues to decline and would have a material adverse effect on our business, results of operations and financial condition.

We compete with other entities which maintain similar commercial Web sites including Autoweb.com, Cendant Membership Service, Inc.'s AutoVantage, Microsoft Corporation's Carpoint, CarsDirect.com, CarOrder.com, Driveoff.com, Greenlight.com and AutoTrader.com. AutoNation, a large consolidator of dealers, has a Web site for marketing vehicles. We also compete indirectly against vehicle brokerage firms and affinity programs offered by several companies, including Costco Wholesale Corporation and Wal-Mart Stores, Inc. In addition, all major vehicle manufacturers have their own Web sites and many have launched online buying services, such as General Motors Corporation's BuyPower. We also compete with vehicle insurers, lenders and lessors as well as other dealers that are not part of our network. Such companies may already maintain or may introduce Web sites which compete with ours.

We believe that the principal competitive factors in the online market are:

- brand recognition,
- speed and quality of fulfillment,
- variety of related products and services,
- ease of use,
- customer satisfaction,
- quality of service, and
- technical expertise.

We cannot assure that we can compete successfully against current or future competitors, many of which have substantially more capital, existing brand recognition, resources and access to additional financing. In addition, competitive pressures may result in increased marketing costs, decreased Web site traffic or loss of

market share or otherwise may materially and adversely affect our business, results of operations and financial condition.

OUR QUARTERLY FINANCIAL RESULTS ARE SUBJECT TO SIGNIFICANT FLUCTUATIONS WHICH MAY MAKE IT DIFFICULT FOR INVESTORS TO PREDICT OUR FUTURE PERFORMANCE.

Our quarterly operating results may fluctuate due to many factors. Our expense levels are based in part on our expectations of future revenues which may vary significantly. We plan our business operations based on increased revenues and if our revenues do not increase faster than our expenses, our business, results of operations and financial condition will be materially and

adversely affected. Other factors that may adversely affect our quarterly operating results include:

- our ability to retain existing dealers, attract new dealers and maintain dealer and customer satisfaction,
- the announcement or introduction of new or enhanced sites, services and products by us or our competitors,
- general economic conditions and economic conditions specific to the Internet, online commerce or the automobile industry,
- a decline in the usage levels of online services and consumer acceptance of the Internet and commercial online services for the purchase of consumer products and services such as those offered by us,
- our ability to upgrade and develop our systems and infrastructure and to attract new personnel in a timely and effective manner,
- the level of traffic on our Web sites and other sites that refer traffic to our Web sites,
- technical difficulties, system downtime or Internet brownouts,
- the amount and timing of operating costs and capital expenditures relating to expansion of our business, operations and infrastructure,
- governmental regulation, and
- unforeseen events affecting the industry.

SEASONALITY IS LIKELY TO CAUSE FLUCTUATIONS IN OUR OPERATING RESULTS. INVESTORS MAY NOT BE ABLE TO PREDICT OUR ANNUAL OPERATING RESULTS BASED ON A QUARTER TO QUARTER COMPARISON OF OUR OPERATING RESULTS.

To date, our quarter to quarter growth in revenues have offset any effects due to seasonality. However, we expect our business to experience seasonality as it matures. If this occurs, investors may not be able to predict our annual operating results based on a quarter to quarter comparison of our operating results. Seasonality in the automotive industry, Internet and commercial online service usage and advertising expenditures is likely to cause fluctuations in our operating results and could have a material adverse effect on our business, operating results and financial condition. We anticipate that purchase requests will typically increase during the first and third quarters when new vehicle models are introduced and will typically decline during the second and fourth quarters. Internet and commercial online service usage and the growth rate of such usage typically declines during the summer.

IF ANY OF OUR RELATIONSHIPS WITH INTERNET SEARCH ENGINES OR ONLINE AUTOMOTIVE INFORMATION PROVIDERS TERMINATES, OUR PURCHASE REQUEST VOLUME COULD DECLINE. IF OUR PURCHASE REQUEST VOLUME DECLINES, OUR PARTICIPATING DEALERS MAY NOT BE SATISFIED WITH OUR SERVICES AND MAY TERMINATE THEIR RELATIONSHIP WITH US OR FORCE US TO DECREASE THE FEES WE CHARGE FOR OUR SERVICE. IF THIS OCCURS, OUR REVENUES WOULD DECREASE.

We depend on a number of strategic relationships to direct a substantial amount of purchase requests and traffic to our Web sites. The termination of any of these relationships or any significant reduction in traffic to

Web sites on which our services are advertised or offered, or the failure to develop additional referral sources, would cause our purchase request volume to decline. Since our dealers would be receiving fewer purchase requests, they may no longer be satisfied with our service and may terminate their relationships with us or force us to decrease the fees we charge for our services. If our dealers terminate their relationship with us or force us to decrease the fees we charge for our services, our revenues will decline which will have a material adverse effect on our business, results of operations and financial condition. We receive a significant number of purchase requests through a limited number of Internet search engines, such as Excite, and online automotive information providers, such as Edmund's and Kelley Blue Book. For example, during the years ended December 31, 1999, 1998 and 1997, approximately 23%, 34% and 49%,

respectively, of Autobytel.com's purchase requests came through Edmund's. Our exclusive relationship with Edmund's ends on July 31, 2000. We may not be able to maintain our relationship with Edmund's or other online service providers or find alternative, comparable marketing partners capable of originating significant numbers of purchase requests on terms satisfactory to us. In addition, we periodically negotiate revisions to existing agreements and these revisions could increase our costs in future periods. A number of our agreements with online service providers may be terminated without cause.

IF WE CANNOT BUILD STRONG BRAND LOYALTY OUR BUSINESS MAY SUFFER.

We believe that the importance of brand recognition will increase as more companies engage in commerce over the Internet. Development and awareness of the Autobytel.com and CarSmart.com brands will depend largely on our ability to obtain a leadership position in Internet commerce. If dealers do not perceive us as an effective channel for increasing vehicle sales, or consumers do not perceive us as offering reliable information concerning new and pre-owned vehicles, as well as referrals to high quality dealers, in a user-friendly manner that reduces the time spent for vehicle purchases, we will be unsuccessful in promoting and maintaining our brands. Our brands may not be able to gain widespread acceptance among consumers or dealers. Our failure to develop our brands sufficiently would have a material adverse effect on our business, results of operations and financial condition.

IF WE LOSE OUR KEY PERSONNEL OR ARE UNABLE TO ATTRACT, TRAIN AND RETAIN ADDITIONAL HIGHLY QUALIFIED SALES, MARKETING, MANAGERIAL AND TECHNICAL PERSONNEL, OUR BUSINESS MAY SUFFER.

Our future success depends on our ability to identify, hire, train and retain highly qualified sales, marketing, managerial and technical personnel. In addition, as we introduce new services we will need to hire a significant number of personnel. Competition for such personnel is intense, and we may not be able to attract, assimilate or retain such personnel in the future. The inability to attract and retain the necessary managerial, technical, sales and marketing personnel could have a material adverse effect on our business, results of operations and financial condition.

Our business and operations are substantially dependent on the performance of our executive officers and key employees, some of whom are employed on an at-will basis and all of whom have worked together for only a short period of time. We maintain "key person" life insurance in the amount of \$3.0 million on the life of Mark W. Lorimer, our Chief Executive Officer and President. The loss of the services of Mr. Lorimer or Ann M. Delligatta, Executive Vice President and Chief Operating Officer, or one or more of our other executive officers or key employees could have a material adverse effect on our business, results of operations and financial condition.

WE ARE A NEW BUSINESS IN A NEW INDUSTRY AND NEED TO MANAGE OUR GROWTH AND OUR ENTRY INTO NEW BUSINESS AREAS IN ORDER TO AVOID INCREASED EXPENSES WITHOUT CORRESPONDING REVENUES.

We are constantly expanding our operations and introducing new services to consumers and dealers in order to establish ourselves as a leader in the evolving market for Internet-based vehicle purchasing and related services. We also intend to enter into new markets overseas. The growth of our operations requires us to increase expenditures before we generate revenues. For example, we need to hire personnel to oversee the introduction of new services before we generate revenues from these services. Our inability to generate satisfactory revenues from such expanded services to offset costs could have a material adverse effect on our

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business, financial condition and results of operations. As of February 29, 2000, we had 255 employees, including 42 employees of CarSmart.com.

We believe establishing industry leadership also requires us to:

- test, introduce and develop new services and products, including enhancing our Web site,
- expand the breadth of products and services offered,
- expand our market presence through relationships with third parties, and

- acquire new or complementary businesses, products or technologies.

We cannot assure you that we can successfully manage these tasks.

IF FEDERAL OR STATE FRANCHISE LAWS APPLY TO US WE MAY BE REQUIRED TO MODIFY OR ELIMINATE OUR MARKETING PROGRAMS. IF WE ARE UNABLE TO MARKET OUR SERVICES IN THE MANNER WE CURRENTLY DO, OUR REVENUES MAY DECREASE AND OUR BUSINESS MAY SUFFER.

We believe that neither our relationship with our dealers nor our dealer subscription agreements constitute "franchises" under federal or state franchise laws and that, other than our AutobyteDIRECT service, we are not subject to the coverage of state and motor vehicle dealer licensing laws. Through a subsidiary, we are licensed as a motor vehicle dealer and broker. However, if any state's regulatory requirements relating to franchises or our method of business impose additional requirements on us or include us within an industry-specific regulatory scheme, we may be required to modify our marketing programs in such states in a manner which undermines the program's attractiveness to consumers or dealers, we may become subject to fines or other penalties or if we determine that the licensing and related requirements are overly burdensome, we may elect to terminate operations in such state. In each case, our revenues may decline and our business, results of operations and financial condition could be materially and adversely affected.

A Federal court of appeals in Michigan has ruled that our dealer subscription agreement is not a "franchise" under Michigan law. However, if our relationship or written agreement with our dealers were found to be a "franchise" under federal or state franchise laws, then we could be subject to other regulations, such as franchise disclosure and registration requirements and limitations on our ability to effect changes in our relationships without our dealers. We also believe that, other than our AutobyteDIRECT service, our dealer marketing service does not qualify as an automobile brokerage activity and therefore state broker licensing requirements do not apply to us. Through a subsidiary, we are licensed as a motor vehicle dealer and broker. In response to Texas Department of Transportation concerns, we modified our marketing program in that state to include a pricing model under which all subscribing dealers in Texas are charged uniform fees based on the population density of their particular geographic area and to make our program open to all dealers who wish to apply.

IF FINANCIAL BROKER AND INSURANCE LICENSING REQUIREMENTS APPLY TO US IN STATES WHERE WE ARE NOT CURRENTLY LICENSED, WE WILL BE REQUIRED TO OBTAIN ADDITIONAL LICENSES AND OUR BUSINESS MAY SUFFER.

If we are required to be licensed as a financial broker, it may result in an expensive and time-consuming process that could divert the effort of management away from day-to-day operations. In the event states require us to be licensed and we are unable to do so, or are otherwise unable to comply with regulations required by changes in current operations or the introduction of new services, we could be subject to fines or other penalties, and our business, results of operations and financial condition could be materially and adversely affected.

We provide a link on the Autobyte.com Web site so consumers can receive real time quotes for insurance coverage from InsurQuote Systems Incorporated and submit quote applications online. Participants in the program include MetLife(R) Auto & Home Insurance, The Hartford (Hartford Financial Services Group, Inc.) and The GE Auto Insurance Program. We receive fees from such participants in connection with this advertising activity.

We do not believe that the above activities require us to be licensed under state insurance laws. The use of the Internet in the marketing of insurance products, however, is a relatively new practice. It is not clear whether or to what extent state insurance licensing laws apply to activities similar to ours. Given these uncertainties, we currently hold, through a wholly-owned subsidiary, insurance agent licenses or are otherwise authorized to transact insurance in 47 states and the District of Columbia.

We have applied for insurance agent licenses in remaining states that issue corporate licensing and are awaiting approval. In the event other states require us to be licensed and we are unable to do so, or are otherwise unable to comply

with regulations required by changes in current operations or the introduction of new services, we could be subject to fines or other penalties, and our business, results of operations and financial condition could be materially and adversely affected.

THERE ARE MANY RISKS ASSOCIATED WITH CONSUMMATED AND POTENTIAL ACQUISITIONS.

We acquired A.I.N. Corporation in February 2000. The closing of the acquisition was subject to a number of conditions, including a satisfactory audit of A.I.N. Corporation's financial statements. Acquisitions involve numerous risks. For example:

- It may be difficult to assimilate the operations and personnel of an acquired business into our own business;
- Management information and accounting systems of an acquired business must be integrated into our current systems;
- We may lose dealers participating in both our network as well as that of the acquired business, if any;
- Our management must devote its attention to assimilating the acquired business which diverts attention from other business concerns;
- We may enter markets in which we have limited prior experience; and
- We may lose key employees of an acquired business.

We intend to continue to evaluate potential acquisitions which we believe will complement or enhance our existing business. If we acquire other companies in the future, it may result in the issuance of equity securities that could dilute existing stockholders' ownership. We may also incur debt and amortize expenses related to goodwill and other intangible assets if we acquire another company, and this could negatively impact our results of operations. We currently do not have any agreements to acquire any company or business, and we cannot guarantee that we will be able to identify or complete any acquisition in the future.

INTERNET COMMERCE HAS YET TO ATTRACT SIGNIFICANT REGULATION. GOVERNMENT REGULATIONS MAY RESULT IN ADMINISTRATIVE MONETARY FINES, PENALTIES OR TAXES THAT MAY REDUCE OUR FUTURE EARNINGS.

There are currently few laws or regulations that apply directly to the Internet. Because our business is dependent on the Internet, the adoption of new local, state, national or international laws or regulations may decrease the growth of Internet usage or the acceptance of Internet commerce which could, in turn, decrease the demand for our services and increase our costs or otherwise have a material adverse effect on our business, results of operations and financial condition.

Tax authorities in a number of states are currently reviewing the appropriate tax treatment of companies engaged in Internet commerce. New state tax regulations may subject us to additional state sales, use and income taxes.

EVOLVING GOVERNMENT REGULATIONS MAY REQUIRE FUTURE LICENSING WHICH COULD INCREASE ADMINISTRATIVE COSTS OR ADVERSELY AFFECT OUR REVENUES.

In a regulatory climate that is uncertain, our operations may be subject to direct and indirect adoption, expansion or reinterpretation of various domestic and foreign laws and regulations. Compliance with these future laws and regulations may require us to obtain appropriate licenses at an undeterminable and possibly

significant initial monetary and annual expense. These additional monetary expenditures may increase future overhead, thereby potentially reducing our future results of operations.

We have identified what we believe are the areas of domestic government regulation, which if changed, would be costly to us. These laws and regulations include franchise laws, motor vehicle brokerage licensing laws, insurance licensing laws, and motor vehicle dealership licensing laws, which are or may be applicable to aspects of our business as applicable. There could be laws and

regulations applicable to our business which we have not identified or which, if changed, may be costly to us.

The introduction of new services and expansion of our operations to foreign countries may require us to comply with additional, yet undetermined, laws and regulations. Compliance may require obtaining appropriate business licenses, filing of bonds, appointment of foreign agents and periodic business reporting activity. The failure to adequately comply with these future laws and regulations may delay or possibly prevent some of our products or services from being offered in a particular foreign country, thereby having an adverse affect on our results of operations.

OUR SUCCESS IS DEPENDENT ON KEEPING PACE WITH ADVANCES IN TECHNOLOGY. IF WE ARE UNABLE TO KEEP PACE WITH ADVANCES IN TECHNOLOGY, CONSUMERS MAY STOP USING OUR SERVICES AND OUR REVENUES WILL DECREASE.

The Internet and electronic commerce markets are characterized by rapid technological change, changes in user and customer requirements, frequent new service and product introductions embodying new technologies and the emergence of new industry standards and practices that could render our existing Web sites and technology obsolete. If we are unable to adapt to changing technologies, our business, results of operations and financial condition could be materially and adversely affected. Our performance will depend, in part, on our ability to continue to enhance our existing services, develop new technology that addresses the increasingly sophisticated and varied needs of our prospective customers, license leading technologies and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The development of our Web sites, Dealer Real Time system and other proprietary technology entails significant technical and business risks. We may not be successful in using new technologies effectively or adapting our Web sites, Dealer Real Time system, or other proprietary technology to customer requirements or to emerging industry standards.

WE ARE VULNERABLE TO COMMUNICATIONS SYSTEM INTERRUPTIONS BECAUSE THE MAJORITY OF OUR PRIMARY SERVERS ARE LOCATED IN A SINGLE LOCATION. IF COMMUNICATIONS TO THAT LOCATION WERE INTERRUPTED, OUR OPERATIONS COULD BE ADVERSELY AFFECTED.

We host the Autobytel.com Web site and Dealer Real Time system at our corporate headquarters in Irvine, California. Although offsite backup servers are available from outside sources, all of Autobytel.com's primary servers are located at our corporate headquarters and are vulnerable to interruption by damage from fire, earthquake, flood, power loss, telecommunications failure, break-ins and other events beyond our control. In the event that we experience significant system disruptions, our business, results of operations and financial condition would be materially and adversely affected. We have, from time to time, experienced periodic systems interruptions and anticipate that such interruptions will occur in the future. We maintain business interruption insurance which pays up to \$6 million for the actual loss of business income sustained due to the suspension of operations as a result of direct physical loss of or damage to property at our offices. However, in the event of a prolonged interruption, this business interruption insurance may not be sufficient to fully compensate us for the resulting losses. The CarSmart.com Web site is hosted by a leading collocation service provider.

INTERNET COMMERCE IS NEW AND EVOLVING WITH FEW PROFITABLE BUSINESS MODELS. WE CANNOT ASSURE THAT OUR BUSINESS MODEL WILL BE PROFITABLE.

The market for Internet-based purchasing services has only recently begun to develop and is rapidly evolving. While many Internet commerce companies have grown in terms of revenues, few are profitable. We can not assure that we will be profitable. As is typical for a new and rapidly evolving industry, demand and

market acceptance for recently introduced services and products over the Internet are subject to a high level of uncertainty and there are few proven services and products. Moreover, since the market for our services is new and evolving, it is difficult to predict the future growth rate, if any, and size of this market.

IF CONSUMERS DO NOT ADOPT INTERNET COMMERCE AS A MAINSTREAM MEDIUM OF COMMERCE, OUR REVENUES MAY NOT GROW AND OUR EARNINGS MAY SUFFER.

The success of our services will depend upon the adoption of the Internet by consumers and dealers as a mainstream medium for commerce. While we believe that our services offer significant advantages to consumers and dealers, there can be no assurance that widespread acceptance of Internet commerce in general, or of our services in particular, will occur. Our success assumes that consumers and dealers who have historically relied upon traditional means of commerce to purchase or lease vehicles, and to procure vehicle financing and insurance, will accept new methods of conducting business and exchanging information. In addition, dealers must be persuaded to adopt new selling models and be trained to use and invest in developing technologies. Moreover, critical issues concerning the commercial use of the Internet, such as, ease of access, security, reliability, cost, and quality of service, remain unresolved and may impact the growth of Internet use. If the market for Internet-based vehicle marketing services fails to develop, develops slower than expected or becomes saturated with competitors, or if our services do not achieve market acceptance, our business, results of operations and financial condition will be materially and adversely affected.

THE PUBLIC MARKET FOR OUR COMMON STOCK MAY CONTINUE TO BE VOLATILE, ESPECIALLY SINCE MARKET PRICES FOR INTERNET-RELATED AND TECHNOLOGY STOCKS HAVE OFTEN BEEN UNRELATED TO OPERATING PERFORMANCE.

Prior to the initial public offering of our common stock in March 1999, there was no public market for our common stock. We cannot assure that an active trading market will be sustained or that the market price of the common stock will not decline. Even if an active trading market does develop, the market price of the common stock is likely to continue to be highly volatile and could be subject to wide fluctuations in response to factors such as:

- actual or anticipated variations in our quarterly operating results,
- announcements of new product or service offerings,
- technological innovations,
- competitive developments, including actions by automotive manufacturers,
- changes in financial estimates by securities analysts,
- conditions and trends in the Internet and electronic commerce industries,
- adoption of new accounting standards affecting the automotive industry, and
- general market conditions and other factors.

Further, the stock markets, and in particular the NASDAQ National Market, have experienced extreme price and volume fluctuations that have particularly affected the market prices of equity securities of many technology companies and have often been unrelated or disproportionate to the operating performance of such companies. These broad market factors may adversely affect the market price of our common stock. In addition, general economic, political and market conditions such as recessions, interest rates or international currency fluctuations, may adversely affect the market price of the common stock. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against companies with publicly traded securities. Such litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources, which would have a material adverse effect on our business, results of operations and financial condition.

WE FACE UNCERTAINTIES WITH CHANGING LEGISLATION IN THE AUTOMOTIVE INDUSTRY WHICH COULD REQUIRE INCREASED REGULATORY AND LOBBYING COSTS AND MAY HARM OUR BUSINESS.

Our purchasing services may result in changing the way vehicles are sold which may be viewed as threatening by new and used vehicle dealers who do not subscribe to our programs. Such businesses are often represented by influential lobbying organizations, and such organizations or other persons may propose legislation which could impact the evolving marketing and distribution model which our services promote. Should current laws be changed or new laws passed, our business, results of operations and financial condition could be materially

and adversely affected. As we introduce new services, we may need to comply with additional licensing regulations and regulatory requirements.

To date, we have not spent significant resources on lobbying or related government affairs issues but we may need to do so in the future. A significant increase in the amount we spend on lobbying or related activities would have a material adverse effect on our results of operations and financial condition.

OUR INTERNATIONAL EXPANSION MAY REQUIRE US TO COMPLY WITH BURDENSOME REGULATORY, TARIFF AND LICENSING REQUIREMENTS. OUR NEED TO COMPLY WITH BURDENSOME GOVERNMENTAL REQUIREMENTS MAY ADVERSELY AFFECT OUR ABILITY TO GROW OUR BUSINESS.

Our licensees have launched Web sites in the United Kingdom, Sweden and Japan. We intend to expand our brand into other foreign markets through licensing our technology, business processes and trade names and by establishing relationships with vehicle dealers and strategic partners located in foreign markets.

By expanding our operations to various other countries, we may become subject to laws or treaties that regulate the marketing, distribution and sale of motor vehicles. We will need to spend our resources to determine whether the laws of the countries in which we seek to operate require us to modify, or prohibit the use of, our Autobyte.com system. In addition, the laws of other countries may impose licensing, bonding or similar requirements on us as a condition to doing business in these countries.

WE MAY NOT BE SUCCESSFUL IN EXPANDING OUR BUSINESS ABROAD WHICH MAY LIMIT OUR FUTURE GROWTH.

We have had limited experience in providing our service abroad and we cannot be certain that we will be successful in introducing or marketing our services abroad. In addition, there are risks inherent in conducting business in international markets, such as:

- changes in political conditions,
- regulatory requirements,
- potentially weaker intellectual property protections,
- tariffs and other trade barriers, fluctuations in currency exchange rates, or potentially adverse tax consequences,
- difficulties in managing or overseeing foreign operations, and
- educating consumers and dealers who may be unfamiliar with the benefits of online marketing and commerce.

One or more of such factors may have a material adverse effect on our current or future international operations and, consequently, on our business, results of operations and financial condition.

OUR COMPUTER INFRASTRUCTURE MAY BE VULNERABLE TO SECURITY BREACHES. ANY SUCH PROBLEMS COULD JEOPARDIZE CONFIDENTIAL INFORMATION TRANSMITTED OVER THE INTERNET, CAUSE INTERRUPTIONS IN OUR OPERATIONS OR CAUSE US TO HAVE LIABILITY TO THIRD PERSONS.

Our computer infrastructure is potentially vulnerable to physical or electronic computer break-ins, viruses and similar disruptive problems and security breaches. Any such problems or security breach could cause us to have liability to one or more third parties and disrupt all or part of our operations. Any of these events would

have a material adverse effect on our business, results of operations and financial condition. A party who is able to circumvent our security measures could misappropriate proprietary information, jeopardize the confidential nature of information transmitted over the Internet or cause interruptions in our operations. Concerns over the security of Internet transactions and the privacy of users could also inhibit the growth of the Internet in general, particularly as a means of conducting commercial transactions. To the extent that our activities or those of third party contractors involve the storage and

transmission of proprietary information such as personal financial information, security breaches could expose us to a risk of financial loss, litigation and other liabilities. Our insurance does not currently protect against such losses.

WE DEPEND ON CONTINUED TECHNOLOGICAL IMPROVEMENTS IN OUR SYSTEMS AND IN THE INTERNET OVERALL. IF WE ARE UNABLE TO HANDLE AN UNEXPECTEDLY LARGE INCREASE IN VOLUME OF CONSUMERS USING OUR WEB SITES, WE CANNOT ASSURE OUR CONSUMERS OR DEALERS THAT PURCHASE REQUESTS WILL BE EFFICIENTLY PROCESSED AND OUR BUSINESS MAY SUFFER.

If the Internet continues to experience significant growth in the number of users and the level of use, then the Internet infrastructure may not be able to continue to support the demands placed on it by such potential growth. The Internet may not prove to be a viable commercial medium because of inadequate development of the necessary infrastructure, timely development of complementary products such as high speed modems, delays in the development or adoption of new standards and protocols required to handle increased levels of Internet activity or increased government regulation.

An unexpectedly large increase in the volume or pace of traffic on our Web sites or the number of orders placed by customers may require us to expand and further upgrade our technology, transaction-processing systems and network infrastructure. We may not be able to accurately project the rate or timing of increases, if any, in the use of our Web sites or expand and upgrade our systems and infrastructure to accommodate such increases. In addition, we cannot assure that our dealers will efficiently process purchase requests.

MISAPPROPRIATION OF OUR INTELLECTUAL PROPERTY AND PROPRIETARY RIGHTS COULD IMPAIR OUR COMPETITIVE POSITION.

Our ability to compete depends upon our proprietary systems and technology. While we rely on trademark, trade secret and copyright law, confidentiality agreements and technical measures to protect our proprietary rights, we believe that the technical and creative skills of our personnel, continued development of our proprietary systems and technology, brand name recognition and reliable Web site maintenance are more essential in establishing and maintaining a leadership position and strengthening our brand. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our services or to obtain and use information that we regard as proprietary. Policing unauthorized use of our proprietary rights is difficult. We cannot assure that the steps taken by us will prevent misappropriation of technology or that the agreements entered into for that purpose will be enforceable. Misappropriation of our intellectual property or potential litigation would have a material adverse effect on our business, results of operations and financial condition. Effective trademark, service mark, copyright and trade secret protection may not be available in every country in which our products and services are made available online. In addition, litigation may be necessary in the future to enforce or protect our intellectual property rights or to defend against claims or infringement or invalidity. As part of our confidentiality procedures, we generally enter into agreements with our employees and consultants and limit access to our trade secrets and technology.

OUR FOUNDERS, OFFICERS AND DIRECTORS AND THEIR AFFILIATES HAVE SUBSTANTIAL CONTROL OF OUR VOTING STOCK AND HAVE THE ABILITY TO MAKE DECISIONS THAT COULD ADVERSELY AFFECT STOCKHOLDERS. SUCH DECISIONS COULD ADVERSELY AFFECT OUR STOCK PRICE.

The control of a large amount of our stock by insiders could have an adverse effect on the market price of our common stock. As of February 29, 2000, our executive officers and directors beneficially own or control approximately 5.5 million shares or 24.9% of the outstanding shares of our common stock. In addition, as of such date, based on information available to us, our founders, Peter Ellis and John Bedrosian beneficially own or control approximately 9.8% and 12.4%, respectively, of the outstanding shares of our common stock. Our

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officers, directors, founders and their affiliates, assuming they vote together, have the ability to control the election of our board of directors and the outcome of corporate actions requiring stockholder approval, including mergers and other changes of corporate control, going private transactions and other extraordinary transactions.

SUBSTANTIAL SALES OR THE PERCEPTION OF FUTURE SALES OF OUR COMMON STOCK MAY

DEPRESS OUR STOCK PRICE. SINCE THE MARKET PRICES FOR INTERNET-RELATED STOCKS ARE LIKELY TO REMAIN VOLATILE, OUR STOCK PRICE MAY BE MORE ADVERSELY AFFECTED THAN OTHER COMPANIES BY SUCH FUTURE SALES.

Sale of substantial numbers of shares of common stock in the public market could adversely affect the market price of our common stock and make it more difficult for us to raise funds through equity offerings in the future. A substantial number of outstanding shares of common stock and shares of common stock issuable upon exercise of outstanding stock options will become available for resale in the public market at prescribed times. Of the 20,209,016 shares that were outstanding as of February 29, 2000, approximately 14.0 million shares are eligible for sale in the public market without restriction and approximately 6.2 million shares are subject to restrictions on sale in the public market in accordance with the provisions of Rule 144 under the Securities Act of 1933, of which approximately 1.6 million shares are subject to the volume limitations of Rule 144 by virtue of Rule 145. In addition, holders of approximately 11.6 million shares of common stock are entitled to certain registration rights with respect to such shares until such time as the holders of such common stock may sell such shares under Rule 144 of the Securities Act.

WE ARE UNCERTAIN OF OUR ABILITY TO OBTAIN ADDITIONAL FINANCING FOR OUR FUTURE CAPITAL NEEDS. IF WE ARE UNABLE TO OBTAIN ADDITIONAL FINANCING WE MAY NOT BE ABLE TO CONTINUE TO OPERATE OUR BUSINESS.

We currently anticipate that our cash, cash equivalents and short-term investments will be sufficient to meet our anticipated needs for working capital and other cash requirements at least for the next 12 months. We may need to raise additional funds sooner, however, in order to fund more rapid expansion, to develop new or enhance existing services or products, to respond to competitive pressures or to acquire complementary products, businesses or technologies. There can be no assurance that additional financing will be available on terms favorable to us, or at all. If adequate funds are not available or are not available on acceptable terms, our ability to fund our expansion, take advantage of potential acquisition opportunities, develop or enhance services or products or respond to competitive pressures would be significantly limited. Such limitation could have a material adverse effect on our business, results of operations, financial condition and prospects.

OUR CERTIFICATE OF INCORPORATION AND BYLAWS AND DELAWARE LAW CONTAIN PROVISIONS THAT COULD DISCOURAGE A THIRD PARTY FROM ACQUIRING US OR LIMIT THE PRICE THIRD PARTIES ARE WILLING TO PAY FOR OUR STOCK.

Provisions of our amended and restated certificate of incorporation and bylaws relating to our corporate governance could make it difficult for a third party to acquire us, and could discourage a third party from attempting to acquire control of us. These provisions allow us to issue preferred stock with rights senior to those of the common stock without any further vote or action by the stockholders. These provisions provide that the board of directors is divided into three classes, which may have the effect of delaying or preventing changes in control or change in our management because less than a majority of the board of directors are up for election at each annual meeting. In addition, these provisions impose various procedural and other requirements which could make it more difficult for stockholders to effect corporate actions such as a merger, asset sale or other change of control of us. Such charter provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock and may have the effect of delaying or preventing a change in control. The issuance of preferred stock also could decrease the amount of earnings and assets available for distribution to the holders of common stock or could adversely affect the rights and powers, including voting rights, of the holders of the common stock.

We are also subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law. In general, the statute prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a "business combination" includes a merger, asset sale or

other transaction resulting in a financial benefit to the interested stockholder, and an "interested stockholder" is a person who, together with affiliates and associates, owns or did own 15% or more of the corporation's voting stock.

OUR ACTUAL RESULTS COULD DIFFER FROM FORWARD-LOOKING STATEMENTS IN THIS REPORT.

This Annual Report contains forward-looking statements based on current expectations which involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risk factors set forth above and elsewhere in this Annual Report. The cautionary statements made in this Annual Report should be read as being applicable to all forward-looking statements wherever they appear in this Annual Report.

ITEM 2. PROPERTIES

Our Autobyte.com operation is located in a single office building in Irvine, California. We occupy four floors, for a total of approximately 49,000 square feet. Each floor is leased with expiration dates ranging from September 2001 through February 2002. We have options to renew the leases on each floor for an additional 5-year term. Our CarSmart.com operation occupies approximately 6,500 square feet in a single office building in San Ramon, California. The lease for this office space expires in March 2003.

ITEM 3. LEGAL PROCEEDINGS

Jerome-Duncan Ford, a Michigan dealership, first subscribed to our new vehicle marketing program in June 1996. In January 1997, we sought to replace the existing agreement with our new standard subscription services agreement and realign Jerome-Duncan Ford territory. Jerome-Duncan Ford objected to the realignment and ceased payment of its monthly subscription fee to us. Unable to resolve the matter, we terminated Jerome-Duncan Ford's subscription dealer agreement. Jerome-Duncan Ford then sued us in Michigan State Court and sought an injunction to prevent us from canceling Jerome-Duncan Ford's subscription services agreement. Jerome-Duncan Ford based its action on Michigan franchise law which prohibits a franchiser from terminating a franchisee without good cause. We removed the case to federal court. In late June 1997, the federal district court ruled in favor of us and denied the injunction. The court held that Jerome-Duncan Ford showed insufficient evidence of a likelihood of success on the merits involving claims of breach of Michigan franchise law. The court found that no franchise existed. We thereafter moved for summary judgment on the franchise issues.

In late 1997, the court granted our motion for summary judgment and held that our subscription services agreement and method of operation did not constitute a franchise under Michigan state law. The plaintiffs have appealed the ruling. In 1999 the action was dismissed on appeal without any liability to us.

A.I.N. was sued on September 1, 1999 in a lawsuit entitled Robert Martins v. Michael J. Gorun, A.I.N., Inc., et al., in Los Angeles Superior Court. The complaint contains causes of action for breach of written and oral contracts, promissory estoppel, breach of fiduciary duty and fraud, and seeks damages and equitable relief. The plaintiff contends he is entitled to a 49% ownership interest in A.I.N.'s CarSmart online business based on a purported agreement for the formation of a company called CarSmart On-Line Services. The lawsuit is and will be vigorously contested on behalf of A.I.N. and individual co-defendant Michael Gorun, President of A.I.N.

The selling shareholders of A.I.N. are obligated to fully indemnify Autobyte.com for all losses, including attorneys' fees, expenses, settlements and judgments, arising out of the lawsuit. The indemnification obligation is secured by 450,000 shares of Autobyte.com common stock transferred to the selling shareholders as part of the acquisition of A.I.N., as well as \$250,000 in cash.

From time to time, we are involved in other litigation matters relating to claims arising out of the ordinary course of business. We are involved in at least one such case currently, including one seeking punitive damages. We believe that there are no claims or actions pending or threatened against us, the ultimate disposition of which would have a material adverse effect on our business, results of operations and financial

condition. However, if a court or jury rules against us and the ruling is ultimately sustained on appeal and damages are awarded against us that include punitive damages, such ruling could have a material and adverse effect on our business, results of operations and financial condition.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 1999.

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock, par value \$0.001 per share, has been quoted on the Nasdaq National Market under the symbol "ABTL" since March 26, 1999. Prior to this time, there was no public market for our common stock. The following table sets forth, for the calendar quarters indicated, the range of high and low closing sales prices of our common stock as reported on the Nasdaq National Market.

YEAR ----	HIGH -----	LOW -----
1999		
First Quarter (from March 26, 1999).....	\$41.88	\$35.38
Second Quarter.....	\$39.94	\$15.75
Third Quarter.....	\$23.25	\$11.56
Fourth Quarter.....	\$19.50	\$11.72
2000		
First Quarter (through March 21, 2000).....	\$16.88	\$ 7.94

As of February 29, 2000, there were approximately 146 holders of record of our common stock. We have never declared or paid any cash dividends on our common stock. We intend to retain all of our future earnings, if any, for use in our business, and therefore we do not expect to pay any cash dividends on our common stock in the foreseeable future.

We intend to use the net proceeds of approximately \$72.1 million from our initial public offering for potential acquisitions, investments in businesses and for general operating expenses.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

(IN THOUSANDS, EXCEPT PER SHARE DATA)

The following selected consolidated financial data should be read in conjunction with our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Annual Report on Form 10-K. The statement of operations data for the years ended December 31, 1999, 1998, 1997, 1996 and the period from inception (January 31, 1995) to December 31, 1995 and the balance sheet data as of December 31, 1999, 1998, 1997, 1996 and 1995 are derived from our consolidated financial statements which have been audited by Arthur Andersen LLP, independent auditors.

	YEARS ENDED DECEMBER 31,				INCEPTION (JANUARY 31, 1995) TO
	1999	1998	1997	1996	DECEMBER 31, 1995
STATEMENT OF OPERATIONS DATA:					
Revenues.....	\$ 40,298	\$ 23,826	\$ 15,338	\$ 5,025	\$ 274
Operating expenses:					

Sales and marketing.....	44,176	30,033	21,454	7,790	930
Product and technology development.....	14,262	8,528	5,448	1,753	99
General and administrative.....	8,595	5,908	5,851	1,641	275
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Total operating expenses.....	67,033	44,469	32,753	11,184	1,304
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Loss from operations.....	(26,735)	(20,643)	(17,415)	(6,159)	(1,030)
Other income, net.....	3,468	1,280	620	124	--
	-----	-----	-----	-----	-----
Loss before provision for income taxes...	(23,267)	(19,363)	(16,795)	(6,035)	(1,030)
Provision for income taxes.....	53	35	15	--	--
	-----	-----	-----	-----	-----
Net loss.....	\$ (23,320)	\$ (19,398)	\$ (16,810)	\$ (6,035)	\$ (1,030)
	=====	=====	=====	=====	=====
Basic and diluted net loss per share.....	\$ (1.48)	\$ (2.30)	\$ (2.03)	\$ (0.73)	\$ (0.12)
	=====	=====	=====	=====	=====
Shares used in computing basic and diluted net loss per share.....	15,766	8,423	8,291	8,252	8,250
	=====	=====	=====	=====	=====

DECEMBER 31,

	----- 1999 -----	----- 1998 -----	----- 1997 -----	----- 1996 -----	----- 1995 -----
BALANCE SHEET DATA:					
Cash and cash equivalents.....	\$ 85,457	\$ 27,984	\$ 15,813	\$ 9,062	\$ 48
Working capital (deficit).....	74,756	23,436	10,938	5,977	(1,099)
Total assets.....	94,872	34,207	20,513	12,298	285
Accumulated deficit.....	(66,593)	(43,273)	(23,875)	(7,065)	(1,030)
Stockholders' equity (deficit).....	76,706	25,868	13,259	7,996	(990)

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our results of operations and financial condition in conjunction with our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements based on current expectations that involve risks and uncertainties. Actual results and the timing of certain events may differ significantly from those projected in such forward-looking statements due to a number of factors, including those discussed in the section entitled "Risk Factors" in Item 1 "Business" in this Annual Report on Form 10-K. In this Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations," the terms "we," "us" and "our" do not include Carsmart.com.

OVERVIEW

We are an internationally branded online automotive commerce company that provides consumers with automotive solutions throughout the lifecycle of vehicle ownership. We own leading, branded Internet sites for new and pre-owned vehicle information and automotive services that link buyers and sellers in an information-rich environment. Through our Web sites, www.autobytel.com, and the recently acquired www.carsmart.com, consumers can research pricing, specifications and other information regarding new and pre-owned vehicles and purchase, finance, lease, insure, sell or maintain their vehicles. We believe that our services provide benefits for consumers by supplying them with information to make informed and intelligent vehicle decisions throughout the lifecycle of vehicle ownership. Consumers can purchase new vehicles through our dealer referral network, our AutobytelDIRECT service and our auction services. In addition, consumers can purchase pre-owned vehicles through our Certified Pre-Owned CyberStore, our auction services and our Classifieds.

In 1999, we expanded our portfolio of online products and services available to consumers. In the second quarter of 1999, we launched our auction Web site, wholesale.autobytel.com, and our service Web site, service.autobytel.com. In the third quarter of 1999, we launched an online consumer banking center which, in partnership with LendingTree, Inc. and Credit

Management Solutions, Inc., provides consumers with competitive loan rates from various lenders. Also in the third quarter of 1999, we launched our online consumer-to-consumer and dealer-to-consumer auction site. In the fourth quarter of 1999, we launched our online automotive superstore, which allows consumers to shop for automotive, and non-automotive products and services.

In 1999, we also expanded our international activities. In the second quarter of 1999 we announced a joint venture with partners in Japan to form Autobyte Japan Kabushiki Kaisha. The Japanese site launched in November 1999. In the second quarter of 1999, our licensees in the United Kingdom and Sweden launched Web sites.

In January 2000, we launched AutobyteDIRECT, a direct-to consumers, new vehicle buying service offering a real-time, online inventory of thousands of vehicles, instant up-front pricing, multiple trade-in options, competitive financing and insurance, and at-home or office delivery. Also, we announced the formation of AutobyteEurope, with initial investment from Inchcape plc, Pon Holdings B.V., GE Capital and e-LaSer. The Netherlands-based AutobyteEurope plans to license, invest in and offer joint services to national operating companies throughout Europe to localize the Autobyte.com offerings. In February 2000, we partnered with St. George Bank Limited and others in the formation of Autobyte Australia. The Australian partners joining Autobyte.com in the online venture are Trading Post, Astre Automotive, RACV (Royal Automobile Club of Victoria), Fortis Insurance and Strathfield E-Ventures.

In February 2000, we acquired A.I.N. Corporation, the owner of CarSmart.com, a leading online buying site for new and pre-owned vehicles, for 1.8 million shares of Autobyte.com common stock and \$3 million in cash. CarSmart.com has nearly 1,500 dealers, established relationships with more than 200 credit unions and strategic marketing agreements with ten of the top Internet portals, including AOL.com, Alta Vista, Snap.com, G02Net and the Go Network. For the years ended December 31, 1999 and 1998 CarSmart.com's unaudited revenues were \$6.3 million and \$3.1 million, respectively. For the years ended December 31, 1999 and 1998, CarSmart.com's operating expenses were \$7.6 million and \$4.2 million, respectively. Car-

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Smart.com's unaudited net loss for the years ended December 31, 1999 and 1998 was \$1.3 million and \$1.2 million, respectively.

We derive the majority of our revenues from fees paid by subscribing dealers, and we expect to be primarily dependent on our dealer networks for revenues in the foreseeable future. Dealers using our services pay initial subscription fees, as well as ongoing monthly fees based, among other things, on the size of territory, demographics and the transmittal of purchase requests to them. In addition, in most states dealers who participate in AutobyteDIRECT pay a fee of between \$100 and \$300 per vehicle sold through AutobyteDIRECT. The fee is based on the gross selling price of the vehicle. Average monthly program fees per dealer were \$1,045, \$948 and \$786 in 1999, 1998 and 1997, respectively. We also derive a portion of our revenues from related products and services on a per transaction basis. For 1999, 1998 and 1997, related products and services were 11%, 4% and 12% of revenues, respectively.

Since mid January 1999 and on a going forward basis, we are converting our dealers primarily to new contracts with one year terms. The initial subscription fee from the dealer is recognized ratably over the first twelve months of the dealer's contract in order to match the costs of integrating and training the dealer with revenues earned. Amortized revenues from initial subscription fees were \$2.5 million, \$2.4 million and \$3.5 million in 1999, 1998 and 1997, respectively. We anticipate that amortized revenues from our initial subscription fees will decline as a percentage of total revenues over time as monthly fee revenues continue to grow. As our dealer network grows in absolute terms, the number of new dealers added as a percentage of total dealers is growing at a slower pace. Therefore, initial subscription fee revenues are declining as a percentage of total revenues while monthly fee revenues are growing. Monthly fees are recognized in the period the service is provided. Monthly fee revenues were \$32.8 million, \$18.2 million and \$8.9 million in 1999, 1998 and 1997, respectively. The amortized revenues from annual fees were \$0.5 million, \$2.3 million and \$1.1 million in 1999, 1998 and 1997, respectively.

We believe our ability to increase the number of subscribing dealers and the amount of fees paid by dealers is indirectly related to the volume of purchase requests routed through our Web sites. Vehicle purchase requests routed

through our online system were approximately 2.1 million, 1.3 million and 0.8 million in 1999, 1998, and 1997, respectively, or an increase of 56%, 74% and 121% sequentially. Since inception we have directed approximately 4.5 million purchase requests to dealers.

Our revenue growth has been primarily dependent on our ability to:

- deliver quality purchase requests to our dealer network,
- increase the number of dealers,
- improve the sales conversion rate of dealer leads and
- increase the average monthly fees paid by each dealer.

We believe our revenue growth in the foreseeable future will be dependent on the above factors as well as our ability to generate revenues from AutobyteDIRECT and related products and services.

Since inception, our dealer network has expanded in each quarter and as of December 31, 1999 there were 3,403 dealers. Of these dealers, 3,323 dealers, or 98%, pay for our service. Our non-paying dealers are generally associated with lower volume vehicle manufacturers such as Jaguar or Suzuki or are located in remote, low volume territories and receive purchase request referrals without paying fees to us. We enter into agreements with non-paying dealers to ensure the broadest geographic coverage for every make of vehicle and to increase consumer satisfaction by offering a complete selection of vehicles.

In 1999, 1,508 dealers were added to our North American dealer network and 578 dealers either terminated their affiliation with us or were terminated by us. The net number of dealers as of December 31, 1999 increased by 39% over 1998. Our inability or failure to reduce dealer turnover could have a material adverse effect on our business, results of operations and financial condition. Because our primary revenue source is from program fees, our business model is significantly different from many other Internet commerce sites. The automobiles requested through our site are sold by dealers; therefore we derive no direct revenues

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from the sale of a vehicle (other than through the recently introduced AutobyteDIRECT service) and have no significant cost of goods sold, no procurement, carrying or shipping costs and no inventory risk.

Sales and marketing costs consist primarily of:

- Internet marketing and advertising expenses,
- fees paid to our Internet purchase request providers,
- promotion and advertising expenses to build our brand awareness and encourage potential customers to visit our Web sites and
- personnel and other costs associated with sales, marketing, training and support of our dealer network.

We use Internet advertising, as well as traditional media, such as television, radio and print. The majority of our Internet advertising is comprised of:

- sponsorship and partnership agreements with Internet portals and
- advertising and marketing affiliations with online automotive information providers such as Edmund's and Kelley Blue Book.

These Internet portals and online automotive information providers charge a combination of set-up, initial, annual, monthly and variable fees.

- Set-up fees are incurred for the development of the link between Autobyte.com and the Internet portal or online information provider and are expensed in the period the link is established.
- Initial fees are amortized over the period they relate to.

- Annual fees are amortized over the period they relate to.
- Monthly fees are expensed in the month they relate to.
- Variable fees are fees paid for purchase requests and are expensed in the period the purchase requests are received.

Our Internet marketing and advertising costs, including annual, monthly and variable fees, were \$14.3 million, \$11.1 million, and \$5.8 million in 1999, 1998 and 1997, respectively. There were no set-up or initial fees incurred in 1999. Also included in sales and marketing expenses are the costs associated with signing up new dealers and their ongoing training and support. Sales and marketing costs are recorded as an expense in the period the service is provided. Sales and marketing expenses have historically fluctuated quarter-to-quarter due to varied levels of marketing and advertising and we believe this will continue in the future.

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RESULTS OF OPERATIONS

The following table sets forth our results of operations as a percentage of revenues:

	YEARS ENDED DECEMBER 31,		
	1999	1998	1997
STATEMENT OF OPERATIONS DATA:			
Revenues Program fees.....	89%	96%	88%
Related products and services.....	11	4	12
	---	---	---
Total revenues.....	100	100	100
Operating expenses:			
Sales and marketing.....	110	126	140
Product and technology development.....	35	36	36
General and administrative.....	17	25	31
Stock-based compensation.....	3	--	--
Non-recurring expenses.....	1	--	7
	---	---	---
Total operating expenses.....	166	187	214
	---	---	---
Loss from operations.....	(66)	(87)	(114)
Other income, net.....	8	5	4
	---	---	---
Loss before provision for income taxes.....	(58)	(81)	(110)
Provision for income taxes.....	--	--	--
	---	---	---
Net loss.....	(58)%	(81)%	(110)%
	===	===	===

1999 COMPARED TO 1998

Revenues. Our revenues increased \$16.5 million, or 69%, to \$40.3 million in 1999, compared to \$23.8 million in 1998. The growth in revenues was primarily attributable to an increase in the net number of paying dealers and a \$97, or 10%, increase in the average monthly program fee charged to paying dealers. The number of paying dealers increased by 937, or 39%, to 3,323 as of December 31, 1999, compared to 2,386 as of December 31, 1998. Revenues from related products and services accounted for approximately 11% of revenues in 1999 and 4% of revenues in 1998.

Sales and Marketing. Sales and marketing expenses primarily include advertising and marketing expenses paid to our purchase request providers and for developing our brand equity, as well as personnel and other costs associated with sales, training and support. Sales and marketing expense increased by \$14.2 million, or 47%, to \$44.2 million in 1999 compared to \$30.0 million in 1998. The increase was primarily due to a \$3.5 million, or 43%, increase in sales expenses due to additional sales and dealer support personnel, a \$3.2 million, or 29%,

increase in fees related to information search aggregators resulting from a higher number of purchase requests, a \$3.1 million, or 52%, increase in television and radio advertising, and a \$4.4 million, or 89%, increase in other advertising and marketing expenses to build brand awareness. We expect to continue to increase our sales, advertising and marketing expenses in the foreseeable future.

Product and Technology Development. Product and technology development expense primarily includes personnel costs relating to enhancing the features, content and functionality of our Web site and Dealer Real Time system, as well as expenses associated with telecommunications and computer infrastructure. Product and technology development expense increased by \$5.8 million, or 67%, to \$14.3 million in 1999, compared to \$8.5 million in 1998. The increase was primarily due to a \$3.6 million, or 68%, increase for additional personnel, recruiting and retention costs, both domestic and international, a \$1.0 million, or 89%, increase in technological infrastructure costs, a \$0.8 million, or 217%, increase in start up and legal expenses related to the development of international joint ventures, and a \$0.4 million, or 21%, increase related to the development of new products and services.

General and Administrative. General and administrative expense was \$8.6 million and \$5.9 million in 1999 and 1998, respectively. General and administrative expense increased by \$2.7 million, or 45%. The

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increase was primarily due to a \$1.2 million increase in non-cash compensation expense associated with stock options granted in the first quarter of 1999 and the exercise of a warrant in the fourth quarter of 1999, a \$0.9 million, or 420%, increase in accounting and other public company infrastructure costs, and a non-recurring expense of \$0.6 million related to the termination of the agreement to acquire W.G. Nichols.

Equity Losses in Unconsolidated Subsidiary. Equity losses in an unconsolidated subsidiary represents our share of losses in our Japanese joint venture. The losses recognized have been limited to the amount of our investment.

Other Income, Net. Other income consists primarily of interest income. In 1999, interest income of \$3.9 million was offset by \$0.4 million of costs related to our Japanese joint venture. Interest income in 1999 increased 486% as compared to 1998 due to higher cash balances resulting from the sale of preferred stock late in the fourth quarter of 1998 and the initial public offering late in the first quarter of 1999.

Income Taxes. No provision for federal income taxes has been recorded as we incurred net operating losses through December 31, 1999. As of December 31, 1999, we had approximately \$55.5 million of federal and \$27.9 million of state net operating loss carryforwards that we believe are available to offset future taxable income; such carryforwards expire in various years through 2019. Under the Tax Reform Act of 1986, the amounts of and benefits from our net operating loss carryforwards will be limited due to a cumulative ownership change of more than 50% over a three year period. Based on preliminary estimates, we believe the effect of such limitation will not have a material adverse effect on our business, results of operations and financial condition.

1998 COMPARED TO 1997

Revenues. Our revenues increased by \$8.5 million, or 56%, to \$23.8 million in 1998, compared to \$15.3 million in 1997. The growth in revenues was primarily attributable to an increase in the net number of paying dealers and \$162, or a 21%, increase in the average monthly program fee charged to paying dealers. The number of paying dealers increased by 743, or 45%, to 2,386 as of December 31, 1998, compared to 1,643 as of December 31, 1997. Our financial statements include revenues derived from computer sales, a practice we discontinued in the first quarter of 1998, of \$0.2 million in 1998 and \$1.5 million in 1997. Excluding revenues from the sale of computer equipment, revenues increased by \$9.8 million, or 71%, to \$23.6 million in 1998 as compared to \$13.8 million in 1997. Revenues from related products and services accounted for approximately 4% in 1998 and 12% in 1997. In 1998, we launched additional ancillary services such as Web site advertising and warranties.

Sales and Marketing. Sales and marketing expense increased by \$8.6 million,

or 40%, to \$30.0 million in 1998, compared to \$21.5 million in 1997. The increase was primarily due to a \$5.3 million, or 91%, increase in fees related to information search aggregators resulting from higher purchase requests and a \$4.0 million, or 58%, increase in other advertising and marketing expenses to build brand awareness. We expect to continue to increase our advertising and marketing budget in the foreseeable future.

Product and Technology Development. Product and technology development expense increased by \$3.1 million, or 57%, to \$8.5 million in 1998, compared to \$5.4 million in 1997. The increase was primarily due to the additional personnel and expenses related to Auto-by-Tel UK Limited of \$1.4 million in 1998.

General and Administrative. General and administrative expense was \$5.9 million in 1998 and 1997. Excluding a non-recurring charge of \$1.1 million associated with a proposed initial public offering withdrawn in April 1997, general and administrative expense increased by \$1.1 million, or 23%, to \$5.9 million in 1998, compared to \$4.8 million in 1997. The increase was primarily due to additional executive and financial personnel and rent due to expansion of facilities.

Other Income Net. Other income consists primarily of interest income. Other income increased by \$0.7 million, or 106%, to \$1.3 million in 1998, compared to \$0.6 million in 1997. This increase is primarily due to a \$1.4 million gain realized from the sale of Auto-by-Tel UK Limited to Inchcape Automotive Limited in November 1998, offset in part by a \$0.8 million charge for the value of warrants issued to Invision AG and Aureus Private Equity AG. Excluding these non-recurring items, other income increased by \$44,000, or 7%, to

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\$0.7 million in 1998 as compared to \$0.6 million in 1997. Interest income increased due to higher cash balances from the sale of preferred stock in 1998.

STOCK-BASED COMPENSATION

In the first quarter of 1999, stock options were granted to employees and directors at exercise prices of \$13.20 and \$16 per share which were below the fair market value at the date of grant. In relation to these grants, we will recognize estimated compensation expense of approximately \$2.6 million ratably over the vesting term of one to four years. Compensation expense of \$1.1 million was classified as general and administrative expense in 1999 and approximately \$0.5 million, \$0.5 million, \$0.5 million and \$40,000 will be classified as general and administrative expense in the years ending 2000, 2001, 2002 and 2003, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was \$14.5 million in 1999, \$16.3 million in 1998 and \$13.5 million in 1997. Net cash used in operating activities in 1999 resulted primarily from the net loss for the year, increased accounts receivable and prepaid expenses, partially offset by increased deferred revenues related to growth in the number of our paying dealers, accounts payable and accrued expenses for sales and marketing, product and technology development and general and administrative expenditures, non-cash stock-based compensation expense related to options granted in March 1999 and depreciation expense.

Net cash used in operating activities in 1998 resulted primarily from the net loss for the year and increased accounts receivable, partially offset by depreciation and other non-cash expenses.

Net cash used in operating activities in 1997 resulted primarily from the net loss for the year and increased accounts receivable, partially offset by increased deferred revenues, accounts payable and depreciation expense.

Net cash used in investing activities was \$0.9 million in 1999, \$1.1 million in 1998 and \$1.8 million in 1997. Cash for investing activities in 1999, 1998 and 1997 was primarily used for the purchase of property and equipment, including computer hardware, telecommunications equipment and furniture.

Net cash provided by financing activities was \$72.9 million in 1999, \$29.6 million in 1998 and \$22.0 million in 1997. Cash for financing activities was primarily provided by the consummation of our initial public offering in March 1999 and the issuance of preferred stock in 1998 and 1997. We intend to use the net proceeds of approximately \$72.1 million from our initial public offering for

potential acquisitions, investments in businesses and for general operating expenses. Proceeds of \$51.5 million from the sale of preferred stock in 1998 and 1997 were used primarily to finance operations prior to the initial public offering.

In January 2000, we invested \$5 million in AutobyteEurope. In February 2000, we acquired A.I.N. Corporation, the owner of CarSmart.com, an online automotive purchasing and related services Web site for 1.8 million shares of common stock and \$3.0 million in cash. CarSmart.com's operations to date have been independently operated.

As of February 29, 2000, we had approximately \$112.5 million in cash and cash equivalents, of which \$36.7 million represents the funding of AutobyteEurope and is reserved for the operations of AutobyteEurope. We believe our current cash and cash equivalents are sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next 12 months, including those of CarSmart.com.

With respect to years beyond fiscal 2000, we may be required to raise additional capital to meet our long term operating requirements. Although our revenues have grown consistently since inception, our expenses have continued to, and in the foreseeable future are expected to, exceed our revenues. Accordingly, we do not expect to be able to fund our operations from internally generated funds for the foreseeable future.

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Our cash requirements depend on several factors, including:

- the level of expenditures on marketing and advertising,
- the ability to increase the volume of purchase requests and transactions related to our Web sites,
- the cost of contractual arrangements with Internet portals, online information providers, and other referral sources, and
- the cash portion of acquisition transactions.

We cannot predict the timing and amount of our cash requirements. If capital requirements vary materially from those currently planned, we may require additional financing sooner than anticipated. We have no commitments for any additional financing, and there can be no assurance that any such commitments can be obtained on favorable terms, if at all.

Any additional equity financing may be dilutive to our stockholders, and debt financing, if available, may involve restrictive covenants with respect to dividends, raising capital and other financial and operational matters which could restrict our operations or finances. If we are unable to obtain additional financing as needed, we may be required to reduce the scope of our operations or our anticipated expansion, which could have a material adverse effect on our business, results of operations and financial condition.

YEAR 2000 ISSUE

Because many computer applications have been written using two digits rather than four to define the applicable year, date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. As of the date of this Annual Report, we are not aware of any material problems resulting from Year 2000 issues, either with our Web sites, the Dealer Real Time system or with our vendors, consumers or dealers. We will continue to monitor our computer applications and those of our vendors, consumers and dealers throughout the year 2000.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, which is effective for fiscal years beginning after June 15, 2000 (as amended by SFAS No. 137). SFAS No. 133 establishes accounting and reporting standards for derivative instruments. We do not have any derivative instruments or undertake any hedging activities, therefore we do not believe adoption of SFAS No. 133 will have a material effect on our financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our Balance Sheets as of December 31, 1999 and 1998 and our Statements of Operations, Stockholders' Equity and Cash Flows for each of the years in the three-year period ended December 31, 1999, together with the reports of Arthur Andersen LLP, independent auditors, begin on page F-1 of this Annual Report on Form 10-K and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning our directors and executive officers is incorporated by reference to the sections entitled "Nominees and Election of Class II Directors (Proposal 1) -- Directors and Executive Officers," "-- Attendance at Meetings and Board Committees," "-- Nominees for Class II Director" and "-- Other

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Directors and Executive Officers" contained in our definitive Proxy Statement with respect to our 2000 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K (the "Proxy Statement"). Information concerning compliance with Section 16(a) of the Exchange Act of 1934 is incorporated by reference to the section entitled "Nominees and Election of Class II Directors (Proposal 1) -- Section 16(a) Beneficial Ownership Reporting Compliance" contained in our Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated herein by reference to the description under the captions "Nominees and Election of Class II Directors (Proposal 1) -- Executive Compensation," "-- Aggregated Option Exercises in 1999 and Year-End Option Values," "-- Employment Agreements," "-- Non-Employee Director Compensation," "-- Compensation Committee Interlocks and Insider Participation," "-- Board Compensation Committee Report on Executive Compensation," and "-- Stock Price Performance Graph" in our Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated herein by reference to the description under the captions "Nominees and Election of Class II Directors (Proposal 1) -- Security Ownership of Certain Beneficial Owners and Management" in our Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference to the description under the captions "Nominees and Election of Class II Directors (Proposal 1) -- Certain Relationships and Related Transactions" in our Proxy Statement.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as a part of this Annual Report:

(1) Financial Statements:

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Report of Independent Public Accountants.....	F-2
Consolidated Balance Sheets.....	F-3
Consolidated Statements of Operations.....	F-4
Consolidated Statements of Stockholders' Equity.....	F-5
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(2) Financial Statement Schedules:

All 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 as part of this Annual Report are listed in the Index to Exhibits immediately preceding such exhibits, which Index to Exhibits is incorporated herein by reference.

(b) Reports on Form 8-K:

The following reports on Form 8-K were filed during the last quarter of the period covered by this Annual Report:

On October 5, 1999 we filed a Form 8-K under Item 5 notifying W.G. Nichols Inc. that we had elected not to proceed with the previously announced acquisition of W.G. Nichols Inc. and a related entity.

On October 15, 1999 we filed a Form 8-K under Item 5 announcing the execution of an Agreement and Plan of Merger relating to the acquisition of CarSmart.com.

On October 28, 1999 we filed a Form 8-K under Item 5 announcing our financial results for the third quarter of 1999.

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 22nd day of March 2000.

autobytel.com inc.

By: /s/ MARK W. LORIMER

 Mark W. Lorimer
 Chief Executive Officer,
 President and Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each of autobytel.com inc., a Delaware corporation, and the undersigned Directors and Officers of autobytel.com inc. hereby constitute and appoint Mark W. Lorimer, Hoshi Printer or Ariel Amir as its, his or her true and lawful attorneys-in-fact and agents, for it, him or her and in its, his or her name, place and stead, in any and all capacities, with full power to act alone, to sign any and all amendments to this report, and to file each such amendment to this report, with all exhibits thereto, and any and all documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in connection therewith, as fully

to all intents and purposes as it, he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE -----
/s/ MICHAEL FUCHS ----- Michael Fuchs	Chairman of the Board and Director	March 22, 2000
/s/ MARK W. LORIMER ----- Mark W. Lorimer	Chief Executive Officer, President and Director (Principal Executive Officer) Senior Vice President and Chief	March 22, 2000
/s/ HOSHI PRINTER ----- Hoshi Printer	Financial Officer (Principal Financial Officer)	March 22, 2000
/s/ ANN M. DELDIGATTA ----- Ann M. Delligatta	Executive Vice President and Chief Operating Officer	March 22, 2000
/s/ AMIT KOTHARI ----- Amit Kothari	Vice President and Controller (Principal Accounting Officer)	March 22, 2000
/s/ JEFFREY H. COATS ----- Jeffrey H. Coats	Director	March 22, 2000
/s/ MARK N. KAPLAN ----- Mark N. Kaplan	Director	March 22, 2000

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SIGNATURE -----	TITLE -----	DATE -----
/s/ KENNETH J. ORTON ----- Kenneth J. Orton	Director	March 22, 2000
/s/ ROBERT S. GRIMES ----- Robert S. Grimes	Executive Vice President and Director	March 22, 2000
/s/ PETER TITZ ----- Peter Titz	Director	March 22, 2000
/s/ RICHARD POST ----- Richard Post	Director	March 22, 2000

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AUTOBYTEL.COM INC.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of autobytel.com inc.:

We have audited the accompanying consolidated balance sheets of autobytel.com inc., a Delaware corporation, and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 1999, 1998 and 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 financial position of autobytel.com inc. and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for the years ended December 31, 1999, 1998 and 1997 in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Los Angeles, California
January 24, 2000

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AUTOBYTEL.COM INC.

CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

ASSETS

	DECEMBER 31, 1999	DECEMBER 31, 1998
	-----	-----
Current assets:		
Cash and cash equivalents, includes restricted amounts of \$206 and \$248, respectively.....	\$ 85,457	\$ 27,984
Accounts receivable, net of allowance for doubtful accounts of \$439 and \$402, respectively.....	4,593	2,315
Prepaid expenses and other current assets.....	2,819	1,353
	-----	-----

Total current assets.....	92,869	31,652
Property and equipment, net.....	1,630	2,208
Other assets.....	373	347
	-----	-----
Total assets.....	\$ 94,872	\$ 34,207
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable.....	\$ 4,277	\$ 2,915
Accrued expenses.....	6,772	915
Deferred revenues.....	6,147	4,008
Customer deposits.....	716	345
Other current liabilities.....	201	33
	-----	-----
Total current liabilities.....	18,113	8,216
Deferred rent.....	53	123
	-----	-----
Total liabilities.....	18,166	8,339
	-----	-----
Commitments and contingencies		
Stockholders' equity:		
Convertible preferred stock, Series A, \$0.001 par value; 1,500,000 shares authorized; no and 1,500,000 shares issued and outstanding, respectively.....	--	2
Convertible preferred stock, Series B, \$0.001 par value; 967,915 shares authorized; no and 967,915 shares issued and outstanding, respectively.....	--	1
Convertible preferred stock, Series C, \$0.001 par value; 6,977,272 shares authorized; no and 4,968,738 shares issued and outstanding, respectively.....	--	4
Common stock, \$0.001 par value; 200,000,000 shares authorized; 18,234,613 and 8,506,455 shares issued and outstanding, respectively.....	18	8
Warrants.....	1,332	1,332
Additional paid-in capital.....	141,957	67,813
Cumulative translation adjustment.....	(8)	(19)
Accumulated deficit.....	(66,593)	(43,273)
	-----	-----
Total stockholders' equity.....	76,706	25,868
	-----	-----
Total liabilities and stockholders' equity.....	\$ 94,872	\$ 34,207
	=====	=====

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

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AUTOBYTEL.COM INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	YEARS ENDED DECEMBER 31,		
	1999	1998	1997
	-----	-----	-----
Revenues.....	\$ 40,298	\$ 23,826	\$ 15,338
Operating expenses:			
Sales and marketing.....	44,176	30,033	21,454
Product and technology development.....	14,262	8,528	5,448
General and administrative.....	8,595	5,908	5,851
	-----	-----	-----
Total operating expenses.....	67,033	44,469	32,753
	-----	-----	-----
Loss from operations.....	(26,735)	(20,643)	(17,415)
Equity losses in unconsolidated subsidiary.....	126	--	--
Other income, net.....	3,342	1,280	620
	-----	-----	-----
Loss before provision for income taxes.....	(23,267)	(19,363)	(16,795)
Provision for income taxes.....	53	35	15
	-----	-----	-----
Net loss.....	\$ (23,320)	\$ (19,398)	\$ (16,810)

Basic and diluted net loss per share.....	\$ (1.48)	\$ (2.30)	\$ (2.03)
Shares used in computing basic and diluted net loss per share.....	15,766,406	8,423,038	8,291,142

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

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AUTOBYTEL.COM INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	CONVERTIBLE PREFERRED STOCK		COMMON STOCK		WARRANTS	ADDITIONAL PAID-IN CAPITAL	DEFERRED COMPENSATION	CUMULATIVE TRANSLATION ADJUSTMENT
	NUMBER OF SHARES	AMOUNT	NUMBER OF SHARES	AMOUNT				
Balance, December 31, 1996.....	1,500,000	\$ 2	8,284,815	\$ 8	\$ --	\$ 15,077	\$ (26)	\$ --
Issuance of Series B convertible preferred stock at \$9.35 per share.....	967,915	1	--	--	--	9,028	--	--
Issuance of Series C convertible preferred stock at \$8.80 per share.....	1,477,274	1	--	--	--	12,987	--	--
Issuance of common stock upon exercise of stock options.....	--	--	39,628	--	--	31	--	--
Amortization of deferred compensation.....	--	--	--	--	--	--	25	--
Net loss.....	--	--	--	--	--	--	--	--
Balance, December 31, 1997.....	3,945,189	4	8,324,443	8	--	37,123	(1)	--
Issuance of Series C convertible Preferred stock at \$8.80 per share.....	3,370,455	3	--	--	--	29,443	--	--
Issuance of Series C convertible preferred stock at \$8.80 per share in exchange for advertising.....	121,009	--	--	--	--	1,065	--	--
Issuance of warrants in exchange for start-up costs for a Pan-European entity.....	--	--	--	--	792	--	--	--
Issuance of warrant in exchange for involvement in a broadband application project.....	--	--	--	--	540	--	--	--
Issuance of common stock upon exercise of stock options.....	--	--	181,012	--	--	169	--	--
Issuance of common stock at \$13.20 per share.....	--	--	1,000	--	--	13	--	--
Amortization of deferred compensation.....	--	--	--	--	--	--	1	--
Foreign currency translation adjustment.....	--	--	--	--	--	--	--	(19)
Net loss.....	--	--	--	--	--	--	--	--
Balance, December 31, 1998.....	7,436,653	7	8,506,455	8	1,332	67,813	--	(19)
Conversion of Series A, B and C convertible preferred stock to common stock.....	(7,436,653)	(7)	5,852,290	6	--	1	--	--
Issuance of common stock in initial public offering, net of issuance cost.....	--	--	3,500,000	4	--	72,080	--	--
Issuance of common stock upon exercise of stock options.....	--	--	362,630	--	--	790	--	--
Issuance of common stock under employee stock purchase plan...	--	--	3,161	--	--	48	--	--
Compensation expense recorded for fair market value of warrant in excess of exercise price.....	--	--	10,077	--	--	162	--	--
Compensation expense recorded for fair market value of stock options in excess of exercise price.....	--	--	--	--	--	1,063	--	--
Foreign currency translation Adjustment.....	--	--	--	--	--	--	--	11
Net loss.....	--	--	--	--	--	--	--	--
Balance, December 31, 1999.....	--	\$ --	18,234,613	\$ 18	\$1,332	\$141,957	\$ --	\$ (8)

	ACCUMULATED DEFICIT	TOTAL
Balance, December 31, 1996.....	\$ (7,065)	\$ 7,996
Issuance of Series B convertible preferred stock at \$9.35 per share.....	--	9,029
Issuance of Series C convertible preferred stock at \$8.80 per share.....	--	12,988
Issuance of common stock upon exercise of stock options.....	--	31

Amortization of deferred compensation.....	--	25
Net loss.....	(16,810)	(16,810)
	-----	-----
Balance, December 31, 1997.....	(23,875)	13,259
Issuance of Series C convertible Preferred stock at \$8.80 per share.....	--	29,446
Issuance of Series C convertible preferred stock at \$8.80 per share in exchange for advertising.....	--	1,065
Issuance of warrants in exchange for start-up costs for a Pan-European entity.....	--	792
Issuance of warrant in exchange for involvement in a broadband application project.....	--	540
Issuance of common stock upon exercise of stock options.....	--	169
Issuance of common stock at \$13.20 per share.....	--	13
Amortization of deferred compensation.....	--	1
Foreign currency translation adjustment.....	--	(19)
Net loss.....	(19,398)	(19,398)
	-----	-----
Balance, December 31, 1998.....	(43,273)	25,868
Conversion of Series A, B and C convertible preferred stock to common stock.....	--	--
Issuance of common stock in initial public offering, net of issuance cost.....	--	72,084
Issuance of common stock upon exercise of stock options.....	--	790
Issuance of common stock under employee stock purchase plan...	--	48
Compensation expense recorded for fair market value of warrant in excess of exercise price.....	--	162
Compensation expense recorded for fair market value of stock options in excess of exercise price.....	--	1,063
Foreign currency translation Adjustment.....	--	11
Net loss.....	(23,320)	(23,320)
	-----	-----
Balance, December 31, 1999.....	\$ (66,593)	\$ 76,706
	=====	=====

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

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AUTOBYTEL.COM INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	YEARS ENDED DECEMBER 31,		
	1999	1998	1997
	-----	-----	-----
Cash flows from operating activities:			
Net loss.....	\$ (23,320)	\$ (19,398)	\$ (16,810)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization.....	1,298	1,255	860
Provision for bad debt.....	189	187	175
Loss on disposal of property and equipment.....	103	1	--
Amortization of deferred compensation.....	--	1	25
Issuance of Series C convertible preferred stock in exchange for advertising.....	--	1,065	--
Issuance of warrants in exchange for start-up costs for a Pan-European entity.....	--	792	--
Issuance of warrants in exchange for involvement in broadband application project.....	--	540	--
Compensation expense recorded for fair market value of stock options in excess of exercise price.....	1,063	--	--
Compensation expense recorded for fair market value of warrant in excess of exercise price.....	162	--	--
Equity losses in unconsolidated subsidiary.....	126	--	--
Changes in assets and liabilities:			
Accounts receivable.....	(2,467)	(1,009)	(1,370)
Prepaid expenses and other current assets.....	(1,466)	(558)	107

Other assets.....	(26)	(252)	516
Accounts payable.....	1,362	692	1,572
Accrued expenses.....	5,857	(132)	325
Deferred revenue.....	2,139	308	1,374
Customer deposits.....	371	218	(427)
Other current liabilities.....	168	(33)	34
Deferred rent.....	(70)	32	74
	-----	-----	-----
Net cash used in operating activities.....	(14,511)	(16,291)	(13,545)
	-----	-----	-----
Cash flows from investing activities:			
Acquisition of Internet Development Corporation.....	--	--	(100)
Investment in unconsolidated subsidiary.....	(126)	--	--
Purchases of property and equipment.....	(823)	(1,147)	(1,652)
	-----	-----	-----
Net cash used in investing activities.....	(949)	(1,147)	(1,752)
	-----	-----	-----
Cash flows from financing activities:			
Net proceeds from sale of common stock.....	72,922	182	31
Net proceeds from issuance of Series B convertible preferred stock.....	--	--	9,029
Net proceeds from issuance of Series C convertible preferred stock.....	--	29,446	12,988
Net cash provided by financing activities.....	72,922	29,628	22,048
	-----	-----	-----
Effect of exchange rates on cash.....	11	(19)	--
	-----	-----	-----
Net increase in cash and cash equivalents.....	57,473	12,171	6,751
Cash and cash equivalents, at beginning of period.....	27,984	15,813	9,062
	-----	-----	-----
Cash and cash equivalents, at end of period.....	\$ 85,457	\$ 27,984	\$ 15,813
	=====	=====	=====
Supplemental disclosure of cash flow information:			
Cash paid during the period for income taxes.....	\$ 53	\$ 35	\$ 15
	=====	=====	=====
Cash paid during the period for interest.....	\$ 2	\$ 3	\$ --
	=====	=====	=====

Supplemental disclosure of non-cash financing activities (See Note 6):

- In April 1998, 56,776 shares of Series C convertible preferred stock with a fair market value of \$8.80 per share convertible into common stock at the conversion price of \$13.20 per share were issued for advertising.
- In October 1998, 64,233 shares of Series C convertible preferred stock with a fair market value of \$8.80 per share convertible into common stock at the conversion price of \$13.20 per share were issued for advertising.
- In November and December 1998, warrants to purchase 439,800 shares of common stock at \$13.20 per share were issued to investors in Series C convertible preferred stock in exchange for a commitment to fund start-up activities of a Pan-European entity in which the Company may invest with the investors.
- In December 1998, a warrant to purchase 300,000 shares of common stock at \$13.20 per share was issued to an investor in exchange for involvement in a broadband application project.
- . In December 1999, a warrant to purchase 33,333 shares of common stock at \$11.25 per share was exercised in a cashless exercise. Under the warrant, 23,235 shares were exchanged for an aggregate fair market value of \$375 to pay for the exercise

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

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AUTOBYTEL.COM.INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA.)

1. ORGANIZATION AND OPERATIONS OF AUTOBYTEL.COM

autobytel.com inc. (Autobytel.com) is an internationally branded online automotive commerce company that provides consumers with automotive solutions

throughout the lifecycle of vehicle ownership. Autobytel.com owns an internationally branded Internet site for new and pre-owned vehicle information and automotive services that links buyers and sellers in an information-rich environment. Through its Web site (www.autobytel.com), consumers can research pricing, specifications and other information related to new and pre-owned vehicles and purchase, finance, lease, insure, sell or maintain their vehicles. When consumers indicate they are ready to buy a vehicle, they can be connected to Autobytel.com's network of participating dealers in the United States and Canada, or to other sellers through its classified ads and auction services.

Autobytel.com has also established international joint ventures and/or licensing agreements to market new and used vehicles in the United Kingdom, Sweden and Japan.

Since its inception in January 1995, Autobytel.com has invested the majority of its efforts in marketing its brand name and developing infrastructure to support anticipated future operating growth. As a result, Autobytel.com has experienced significant operating losses and has an accumulated deficit of \$66,593 as of December 31, 1999. Management believes current cash and cash equivalents are sufficient to meet anticipated cash needs for working capital and capital expenditures for at least the next 12 months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Autobytel.com and its wholly and majority owned subsidiaries: Autobytel Services Corporation, Auto-By-Tel Acceptance Corporation, Auto-By-Tel Insurance Services, Inc., Autobytel.ca inc., Kre8.net, inc., e-autosdirect.com inc., Autobytel.Europe LLC (formerly Auto-By-Tel International LLC), Autobytel.Europe Investment B.V., Autobytel.Europe Holdings B.V., I-Net Training Technologies, LLC, Autobytel Acquisition I Corp., Autobytel Acquisition II Corp., and AutoVisions Communications, Inc.

All intercompany transactions and balances have been eliminated.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management 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. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the consolidated balance sheets and the consolidated statements of cash flows, Autobytel.com considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject Autobytel.com to significant concentrations of credit risk consist primarily of accounts receivable. To date, accounts receivable have primarily been derived from fees billed to subscribing dealers located in the United States and Canada. Autobytel.com generally requires no

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AUTOBYTEL.COM.INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA.)

collateral to support customer receivables. Autobytel.com maintains reserves for potential credit losses. Historically, such losses have been minor and within management's expectations. As of December 31, 1999 and 1998, no subscribing dealer accounted for greater than 10% of accounts receivable.

Property and Equipment

Property and equipment are stated at cost. 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.

Stock-Based Compensation

Autobytel.com accounts for stock-based compensation in accordance with the provisions of Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees." Under APB No. 25, compensation expense is recognized over the vesting period based on the excess of the fair market value over the exercise price on the grant date. (See Note 7.)

In 1996, Autobytel.com adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation." Autobytel.com has elected to continue accounting for stock-based compensation issued to employees using APB No. 25 and, accordingly, proforma disclosures required under SFAS No. 123 have been presented. (See Note 7.)

Revenue Recognition

Autobytel.com's revenues primarily consist of fees paid by subscribing dealers located in the United States and Canada. These fees are comprised of an initial fee, a monthly fee and, through fiscal 1997, an annual fee. The initial fee and annual fee are recognized ratably over the service period of 12 months. The monthly fee is recognized in the period services are provided.

Autobytel.com also derives revenues from license and service agreements with international licensees. These agreements grant the licensees the right to use Autobytel.com's proprietary software, technology and other business procedures to market new and used vehicles in exchange for certain fees. Revenues from these fees are recognized in accordance with the provisions of Statement of Position (SOP) 97-2, "Software Revenue Recognition." These fees include: (i) orientation fees, which are recognized on the effective date of the license and service agreements, (ii) localization and development fees and minimum annual maintenance fees, which are recognized as services are provided, and (iii) minimum annual license fees, which are recognized ratably over a 12 month period beginning on the date the international Web site is launched.

Deferred revenues are comprised of unearned fees.

Risks Due to Concentration of Significant Customers and Export Sales

For all periods presented in the accompanying consolidated statements of operations, no subscribing dealer accounted for greater than 10% of revenues.

Autobytel.com conducts its business within one industry segment. Revenues from customers outside of the United States were less than 10% of total revenues for all periods presented in the accompanying consolidated statements of operations.

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AUTOBYTEL.COM.INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA.)

Sales and Marketing

Sales and marketing expense primarily includes Internet marketing and advertising expenses, fees paid to purchase request providers, promotion and advertising expenses to build brand awareness and encourage potential customers to visit Autobytel.com's Web site and personnel and other costs associated with sales, marketing, training and support of Autobytel.com's dealer network. Sales and marketing expense also includes cost of sales associated with the sale of computers, which was discontinued in February 1998. Sales and marketing costs are recorded as expenses as incurred. For the years ended December 31, 1999, 1998 and 1997, Internet marketing and advertising costs were \$14,288, \$11,090 and \$5,828 and television advertising expenses were \$8,485, \$5,296 and \$4,048, respectively.

Product and Technology Development

Product and technology development expense primarily includes personnel costs relating to the introduction of products and services and the improvement of Autobytel.com's Web site and its online dealer information platform (DRT). It also includes expenses associated with Autobytel.com's international start-up activities and telecommunications and computer infrastructure. Product and technology development expenditures are expensed as incurred.

General and Administrative

General and administrative expense primarily consists of executive, financial and legal personnel expenses, costs related to being a public company and non-cash compensation charges related to stock options granted in 1999. Non-cash compensation expense in 1999 was \$1,063. (See Note 7.) Non-recurring charges of \$601 associated with a terminated acquisition and \$1,100 associated with a proposed and withdrawn initial public offering were charged to general and administrative expense in 1999 and 1997, respectively.

Foreign Currency Translation

The functional currency of Autobytel.com's subsidiaries is the local currency. Accordingly, all assets and liabilities are translated into United States dollars at the current exchange rate as of the applicable balance sheet date. Revenues and expenses are translated at the average exchange rate prevailing during the period. Gains and losses resulting from the translation of the financial statements are reported as a separate component of stockholders' equity.

Computation of Basic and Diluted Net Loss Per Share

Net loss per share has been calculated under SFAS No. 128, "Earnings per Share." SFAS No. 128 requires companies to compute earnings per share under two different methods (basic and diluted). Basic net loss per share is calculated by dividing the net loss by the weighted average shares of common stock outstanding during the period. For the years ended December 31, 1999, 1998 and 1997, diluted net loss per share is equal to basic net loss per share since potential common shares from the conversion of preferred stock, stock options and warrants are antidilutive. Autobytel.com evaluated the requirements of the Securities and Exchange Commission Staff Accounting Bulletin (SAB) No. 98, and concluded that there are no nominal issuances of common stock or potential common stock which would be required to be shown as outstanding for all periods as outlined in SAB No. 98.

New Accounting Pronouncements

In March 1998, the American Institute of Certified Public Accountants (AICPA) issued SOP 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SOP 98-1, which was adopted by Autobytel.com in January 1999, provides guidance on accounting for the costs of computer

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AUTOBYTEL.COM.INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA.)

software developed or obtained for internal use and defines specific criteria that determine when these costs are required to be expensed, and when they may be capitalized. Autobytel.com currently expenses software development costs as incurred. Management anticipates that it will continue to incur such development costs. However, management expects that, as a percentage of revenues, such costs will remain consistent.

In April 1998, the AICPA issued SOP 98-5, "Reporting on the Costs of Start-up Activities." SOP 98-5, which was adopted by Autobytel.com in January 1999, provides guidance on the financial reporting of start-up and organization costs and require these costs to be expensed as incurred. The adoption of SOP 98-5 did not have a material effect on Autobytel.com's consolidated financial statements.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative

Instruments and Hedging Activities," which is effective for fiscal years beginning after June 15, 2000 (as amended by SFAS No. 137). SFAS No. 133 establishes accounting and reporting standards for derivative instruments. Autobytel.com does not have any derivative instruments as of December 31, 1999. Management believes that the adoption of SFAS No. 133 will not have a material effect on Autobytel.com's consolidated financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	DECEMBER 31,	
	1999	1998
	-----	-----
Computer software and hardware.....	\$ 3,294	\$ 2,800
Furniture and equipment.....	1,073	1,206
Leasehold improvements.....	558	561
	-----	-----
	4,925	4,567
Less -- Accumulated depreciation and amortization.....	(3,295)	(2,359)
	-----	-----
	\$ 1,630	\$ 2,208
	=====	=====

4. COMMITMENTS AND CONTINGENCIES

Operating Leases

Autobytel.com leases its facilities and certain office equipment under operating leases which expire on various dates through 2004. At December 31, 1999, future minimum lease payments are as follows:

YEARS ENDING DECEMBER 31,	

2000.....	\$1,070
2001.....	938
2002.....	87
2003.....	4
2004.....	3
Thereafter.....	--

	\$2,102
	=====

Rent expense was \$756, \$509, and \$371 for the years ended December 31, 1999, 1998 and 1997, respectively.

Marketing and Advertising Agreements

In September 1997, Autobytel.com entered into a three year Internet marketing agreement with Excite, a company that operates a search engine. The agreement permits Autobytel.com to maintain certain exclusive promotional rights and linkage with Excite, and provides for certain advertising. The payments under the agreement consist of a set-up fee, an annual fee and a variable fee per purchase request. The set-up fee represents the cost of initiating the link between Autobytel.com and Excite and was expensed in the period the link was established. Autobytel.com expenses the annual fee ratably over a 12-month

period and the variable fee in the period purchase requests are received. The amount of variable fee per purchase request increases as the number of purchase requests received reaches agreed upon increments. Under the agreement, Autobytel.com is also to provide Excite with up to three new vehicles in a 12-month period. The agreement grants Autobytel.com the right to terminate the agreement if the number of purchase requests does not meet the threshold specified for each year of the term of the agreement. As of December 31, 1999, the minimum future payments under the agreement amounted to \$1,793.

In June 1998, Autobytel.com entered into separate two-year Internet marketing agreement with Excite. The agreement permitted Autobytel.com to maintain certain exclusive promotional rights and linkage with NetCenter. Under the agreement, Autobytel.com was also to provide NetCenter with up to three new vehicles in a 12-month period. The agreement was terminated in June 1999.

Autobytel.com has agreements with other search engines, Internet service and automotive information providers, including Lycos, AT&T WorldNet, Edmund's, Kelley Blue Book and Intellichoice, that make available to consumers vehicle research data over the Internet. These agreements are generally for a term of one to four years and require that Autobytel.com pay a combination of set-up, initial, annual, monthly and variable fees based on the volume of purchase requests received by Autobytel.com. The set-up fees are expensed as incurred, the initial fees and annual fees are amortized over the period they relate to. The monthly fees are expensed in the month they relate to and variable fees are expensed in the period purchase requests are received. As of December 31, 1999, the minimum future commitments under these agreements were \$674.

Autobytel.com has agreements with network and cable television stations under which it has the right to purchase television advertising. As of December 31, 1999, the minimum future commitments under these agreements were \$1,685. These amounts are expensed as advertisements are aired.

Employment Agreements

Autobytel.com has employment agreements with Mark W. Lorimer, Chief Executive Officer, and Ann M. Delligatta, Chief Operating Officer. In the event of termination without cause or resignation with a good reason, they are entitled to receive severance payments equal to the base salary that would have been received by them over the remaining term of the agreements. Mr. Lorimer's agreement also provides for an additional severance payment in the event of a change in control as defined in his agreement. The term of the agreements range from two to three years and have one-year renewals.

Litigation

In the normal course of business, Autobytel.com is involved in various legal proceedings. Based upon the information presently available, management believes that the ultimate resolution of any such proceedings will not have a material adverse effect on Autobytel.com's financial position, liquidity or results of operations.

5. RETIREMENT SAVINGS PLAN

Autobytel.com has a retirement savings plan which qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code (the 401(k) Plan.) The 401(k) Plan covers all full time employees of Autobytel.com who are over 21 years of age and have worked for Autobytel.com for at least

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AUTOBYTEL.COM.INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA.)

90 days. Under the 401(k) Plan, participating employees are allowed to defer up to 15% of their pretax salaries up to a maximum of \$10,000 per year. Company contributions to the 401(k) Plan are discretionary. Autobytel.com has made no contributions since the inception of the 401(k) Plan.

6. STOCKHOLDERS' EQUITY

Initial Public Offering

In March 1999, Autobytel.com consummated its initial public offering and issued 3,500,000 shares of common stock at a price of \$23 per share. An additional 1,000,000 shares of common stock were offered by selling stockholders at a price of \$23 per share. Autobytel.com received proceeds of approximately \$72,084, net of underwriting discounts, fees and other initial public offering costs.

At the closing of the offering, outstanding shares of Series A, Series B and Series C convertible preferred stock were automatically converted to an aggregate total of 5,852,290 shares of common stock.

In addition, the selling stockholders granted the underwriters a 30-day option to purchase up to an additional 637,500 shares of common stock to cover over-allotments. The underwriters exercised this option in April 1999.

Preferred Stock

As of December 31, 1999, 11,445,187 shares of preferred stock with a \$0.001 par value were authorized and undesignated.

Common Stock

In July 1999, Autobytel.com's Certificate of Incorporation was amended to increase the number of authorized shares of common stock with a par value of \$0.001 from 50,000,000 shares to 200,000,000 shares.

Warrants

In November 1998, Autobytel.com issued a warrant to purchase 150,000 shares of common stock to Invision AG, an investor in its Series C convertible preferred stock (Series C Preferred), in exchange for their commitment to assist Autobytel.com with organizational and start-up activities related to a Pan-European entity in which Autobytel.com may invest with them. The warrant is exercisable at \$13.20 per share and expires in November 2001. The warrant was valued at \$270, which was expensed in 1998, as Invision AG has fulfilled its commitment and has no further obligation to Autobytel.com.

In December 1998, Autobytel.com issued warrants to purchase 289,800 shares of common stock to Aureus Private Equity AG (Aureus), an investor in its Series C Preferred, in exchange for their commitment to assist Autobytel.com with organizational and start-up activities related to a Pan-European entity in which Autobytel.com may invest with them. The warrants are exercisable at \$13.20 per share and expire in December 2001. The warrants were valued at \$522, which was expensed in 1998, as Aureus has fulfilled its commitment and has no further obligation to Autobytel.com.

In December 1998, Autobytel.com issued a warrant to purchase 300,000 shares of common stock to MediaOne Interactive Services, Inc. in exchange for the right to participate in the development of broadband application technology. The warrant is exercisable at \$13.20 per share and expires in December 2001. The warrant was valued at \$540, and was expensed in 1999.

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AUTOBYTEL.COM.INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA.)

The fair value of each of these warrants was estimated using the Black-Scholes option-pricing model and the following assumptions: (1) no dividend yield, (2) volatility of 0.10%, (3) risk-free interest rate of 4.90%, and (4) expected life of three years.

7. STOCK OPTION PLANS

1996 Stock Option Plan

Autobytel.com's 1996 Stock Option Plan (the Option Plan) was approved by the Board of Directors in May 1996. The Option Plan was terminated by a resolution of the Board of Directors in October 1996, at which time 870,555 options had been issued. The Option Plan provided for the granting to employees of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the Code), and for the granting to employees,

consultants and directors of nonstatutory stock options. Autobytel.com reserved 1,194,444 shares of common stock for exercise of stock options under the Option Plan. The exercise price of incentive stock options granted under the Option Plan could not be lower than the fair market value of the common stock, and the exercise price of nonstatutory stock options could not be less than 85% of the fair market value of the common stock, as determined by the Board of Directors, on the date of grant. With respect to any participants who, at the time of grant, owned stock that possessed more than 10% of the voting power of all classes of stock of Autobytel.com, the exercise price of any stock option granted to such person was to be at least 110% of the fair market value on the grant date, and the maximum term of such option was five years. The term of all other options granted under the Option Plan did not exceed 10 years. Stock options granted under the Option Plan vest according to vesting schedules determined by the Board of Directors.

1996 Stock Incentive Plan

Autobytel.com's 1996 Stock Incentive Plan (the Incentive Plan) was approved by the Board of Directors in October 1996, and was amended in November 1996. The Incentive Plan provides for the granting to employees of incentive stock options within the meaning of Section 422 of the Code, and for the granting to employees, directors and consultants of nonstatutory stock options and stock purchase rights. Autobytel.com has reserved a total of 833,333 shares of common stock for issuance under the Incentive Plan. The exercise price of stock options granted under the Incentive Plan cannot be lower than the fair market value of the common stock, as determined by the Board of Directors, on the date of grant. With respect to any participants who, at the time of grant, own stock possessing more than 10% of the voting power of all classes of stock of Autobytel.com, the exercise price of stock options granted to such person must be at least 110% of the fair market value on the grant date, and the maximum term of such options is five years. The term of all other options granted under the Incentive Plan may be up to 10 years. Stock options granted under the Incentive Plan vest according to vesting schedules determined by the Board of Directors.

1998 Stock Option Plan

Autobytel.com's 1998 Stock Option Plan (the 1998 Option Plan) was adopted in December 1998 and amended in September 1999. Autobytel.com has reserved 1,500,000 shares under the 1998 Option Plan. The 1998 Option Plan provides for the granting to employees of incentive stock options within the meaning of the Code, and for the granting to employees of nonstatutory stock options.

The exercise price of non-statutory options granted under the 1998 Option Plan cannot be lower than 85% of the fair market value of the common stock on the date of grant. The exercise price of all incentive stock options granted cannot be lower than the fair market value on the grant date. With respect to any participants who beneficially own more than 10% of the voting power of all classes of stock of Autobytel.com, the exercise price of any stock option granted to such person must be at least 110% of the fair market value on the grant

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AUTOBYTEL.COM.INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA.)

date, and the maximum term of such option is five years. The term of all other options granted under the 1998 Option Plan may be up to 10 years. Under the 1998 Option Plan, certain nonstatutory stock options (Performance Options) vest over a time period determined by the Board of Directors, however, the vesting could be accelerated based on the performance of Autobytel.com's common stock.

In December 1998, the Board of Directors granted Performance Options to purchase 700,000 shares of common stock to certain executives at an exercise price of \$13.20 per share, which represents the fair market value on the date of grant. These options vest over a seven-year period, but the vesting could be accelerated based on the performance of Autobytel.com's common stock. The accelerated vesting schedule provides that the grants will vest in six installments, one installment vesting each six months over a three-year period if pre-established average trading prices of the common stock are achieved. Those installments will vest if the average trading price exceeds the exercise price by \$6.60, \$13.20, \$19.80, \$26.40, \$33.00 and \$39.60, respectively, in the

applicable six month period after the date of grant. All other stock options granted under the 1998 Option Plan vest according to vesting schedules determined by the Board of Directors.

The 1998 Option Plan provides that, unless otherwise provided in the stock option agreement, in the event of any merger, consolidation, or sale or transfer of all or any part of Autobytel.com's business or assets, all rights of the optionee with respect to the unexercised portion of any option will become immediately vested and may be exercised immediately, except to the extent that any agreement or undertaking of any party to any such merger, consolidation, or sale or transfer of assets makes specific provisions for the assumption of the obligations of Autobytel.com with respect to the 1998 Option Plan.

1999 Stock Option Plan

Autobytel.com's 1999 Stock Option Plan (the 1999 Option Plan) was adopted in January 1999 and amended in September 1999. Autobytel.com has reserved 1,800,000 shares under the 1999 Option Plan. The 1999 Option Plan provides for the granting of stock options to key employees of Autobytel.com. Under the 1999 Option Plan, not more than 1,000,000 shares may be granted after March 31, 1999.

The 1999 Option Plan provides for an automatic grant of an option to purchase 20,000 shares of common stock to each non-employee director on the date on which the person first becomes a non-employee director. In each successive year the non-employee director will automatically be granted an option to purchase 5,000 shares on November 1 of each subsequent year provided the non-employee director has served on the Board for at least six months. Each option will have a term of 10 years and will be granted at the fair market value of Autobytel.com's common stock on the date of grant. The options vest in their entirety and become exercisable on the first anniversary of the grant date, provided that the optionee continues to serve as a director on such date.

The 1999 Option Plan is identical in all other material respects to the 1998 Option Plan.

Rescission Offer for Stock Options Granted in Excess of the 1996 Incentive Plan Limit

From May 1997 to January 1999, Autobytel.com issued grants of incentive stock options in excess of the Incentive Plan limit of 833,333 shares. Subsequent to December 31, 1998, Autobytel.com offered to exchange the affected options for a cash payment or a new grant of incentive stock options under the 1999 Option Plan. In 1999, Autobytel.com resolved this matter without a material impact on its financial statements. Total cash payments were less than \$10. The new stock options were granted at the fair market value at the date of the new grant, which equaled the exercise price of the original options. All other significant provisions associated with the options remained the same.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA.)

1999 Employee and Acquisition Related Stock Option Plan

Autobytel.com's 1999 Employee and Acquisition Related Stock Option Plan (the Employee and Acquisition Option Plan) was approved by the Board of Directors in September 1999. Autobytel.com has reserved a total of 1,500,000 shares of common stock for issuance under the Employee and Acquisition Option Plan. The Employee and Acquisition Option Plan provides for the granting to employees and acquired employees of incentive stock options within the meaning of the Code, and for the granting to employees, acquired employees and service providers of nonstatutory stock options. The exercise price of incentive stock options granted can not be lower than the fair market value on the date of grant and the exercise price of nonstatutory stock options can not be less than 85% of the fair market value of the common stock on the date of grant. The exercise price of stock options granted to individuals beneficially owning more than 10% of the voting power of all classes of Autobytel.com stock must be at least 110% of the fair market value on the grant date and have a maximum term of five years. The term of all other options granted under the Employee and Acquisition Option Plan may be up to 10 years. Stock options granted under the Employee and Acquisition Option Plan vest according to vesting schedules determined by the

Board of Directors.

Stock Option Changes

A summary of the status of Autobytel.com's stock options as of December 31, 1997, 1998 and 1999, and changes during the years then ended is presented below:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
	-----	-----
Outstanding at December 31, 1996.....	1,520,558	\$ 3.32
Granted.....	853,504	13.20
Exercised.....	(39,629)	0.90
Canceled.....	(156,688)	7.88
	-----	-----
Outstanding at December 31, 1997.....	2,177,745	6.92
Granted.....	1,630,340	13.20
Exercised.....	(181,012)	0.94
Canceled.....	(767,733)	6.93
	-----	-----
Outstanding at December 31, 1998.....	2,859,340	10.87
Granted.....	2,235,598	12.51
Exercised.....	(362,630)	2.19
Canceled.....	(813,747)	13.25
	-----	-----
Outstanding at December 31, 1999.....	3,918,561	\$12.12
	=====	=====
Exercisable at December 31, 1997.....	858,187	\$ 2.78
	=====	=====
Exercisable at December 31, 1998.....	738,860	\$ 6.42
	=====	=====
Exercisable at December 31, 1999.....	1,331,924	\$ 8.90
	=====	=====
Weighted-average fair value of options granted during 1997 (853,504 options).....		\$ 2.73
Weighted-average fair value of options granted during 1998 (1,630,340 options).....		\$ 3.25
Weighted-average fair value of options granted during 1999 (2,235,598 options).....		\$ 3.81

The fair value of each option granted through December 31, 1999 is estimated using the Black-Scholes option-pricing model on the date of grant using the following assumptions: (i) no dividend yield, (ii) volatility of 55.90% for the year ended December 31, 1999 and effectively zero for the years ended December 31, 1998

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA.)

and 1997, (iii) weighted-average risk-free interest rate of approximately 5.36%, 4.80%, and 6.18% for the year ended December 31, 1999, 1998 and 1997, respectively, and (iv) an expected life of four to seven years.

The following table summarizes information about stock options outstanding at December 31, 1999:

RANGE OF EXERCISE PRICE	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE REMAINING LIFE (IN YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
-----	-----	-----	-----	-----	-----
\$ 0.84 - \$ 0.90.....	187,333	6.5	\$ 0.85	187,333	\$ 0.85
4.50.....	466,666	6.8	4.50	386,777	4.50
11.25 - 11.56.....	25,443	7.0	11.26	24,443	11.25
13.20 - 13.75.....	2,519,119	8.9	13.24	733,371	13.20
14.13 - 14.88.....	255,500	9.9	14.43	--	--
15.50.....	162,500	9.6	15.50	--	--

16.00 - 16.75.....	157,000	9.3	16.10	--	--
19.75.....	145,000	9.6	19.75	--	--
	-----	---	-----	-----	-----
\$ 0.84 - \$19.75.....	3,918,561	8.7	\$12.12	1,331,924	\$ 8.90
	=====	===	=====	=====	=====

Stock-Based Compensation

From January to March 1999, Autobytel.com granted stock options to purchase 388,236 shares of common stock under the 1999 Stock Option Plan. These stock options were granted to employees and directors at exercise prices of \$13.20 and \$16.00 per share which were below the fair market value at the date of grant. In relation to these grants, Autobytel.com will recognize non-cash compensation expense of approximately \$2.6 million ratably over the vesting term of one to four years. Compensation expense of approximately \$1,063 was recognized as operating expense in 1999.

Pro Forma Disclosure

Had compensation cost for Autobytel.com's stock option grants for its stock-based compensation plans been determined consistent with SFAS No. 123, Autobytel.com's net loss and net loss per share for the years ended December 31, 1999, 1998 and 1997 would approximate the pro forma amounts below:

	YEARS ENDED DECEMBER 31,		
	1999	1998	1997
Net loss, as reported.....	\$ (23,320)	\$ (19,398)	\$ (16,810)
Net loss per share, as reported.....	(1.48)	(2.30)	(2.03)
Net loss, pro forma.....	(27,850)	(21,109)	(17,624)
Net loss per share, pro forma.....	(1.77)	(2.51)	(2.13)

The effects of applying SFAS No. 123 in this pro forma disclosure are not indicative of future amounts.

8. STOCK PURCHASE PLAN

1996 Employee Stock Purchase Plan

Autobytel.com's 1996 Employee Stock Purchase Plan (the Purchase Plan) was adopted by the Board of Directors in November 1996. The Purchase Plan, which is intended to qualify under Section 423 of the Code, permits eligible employees of Autobytel.com to purchase shares of common stock through payroll deductions of up to ten percent of their compensation, up to a certain maximum amount for all purchase periods ending within any calendar year. Autobytel.com has reserved a total of 444,444 shares of common stock for issuance under the Purchase Plan. The price of common stock purchased under the Purchase Plan will be 85% of the

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AUTOBYTEL.COM.INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA.)

lower of the fair market value of the common stock on the first or last day of each six month purchase period. Employees may end their participation in the Purchase Plan at any time during an offering period, and they will be paid their payroll deductions to date. Participation ends automatically upon termination of employment with Autobytel.com.

During the year ended December 31, 1999, 3,161 shares of common stock were issued under the Purchase Plan.

9. INCOME TAXES

No provision for federal income taxes has been recorded as Autobytel.com incurred net operating losses through December 31, 1999. Provision for income taxes primarily consists of franchise taxes paid to the state of Delaware. As of December 31, 1999, Autobytel.com had approximately \$55,500 and \$27,900 of

federal and state net operating loss carryforwards available to offset future taxable income. These net operating loss carryforwards expire in various years through 2019. Under the Tax Reform Act of 1986, the amounts of and benefits from Autobytel.com's net operating loss carryforwards will be limited under the provisions of Internal Revenue Code Section 382. Based on estimates, management believes the effect of such limitation will not have a material adverse effect on Autobytel.com.

Autobytel.com accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Under SFAS No. 109, deferred income tax assets and liabilities are determined based on the differences between the book and tax basis of assets and liabilities and are measured using the currently enacted tax rates and laws. Net deferred income tax assets, totaling approximately \$24,700 as of December 31, 1999 and \$15,800 as of December 31, 1998, consist primarily of the tax effect of net operating loss carryforwards, reserves and accrued expenses which are not yet deductible for tax purposes. Autobytel.com has provided a full valuation allowance on these deferred income tax assets because of uncertainty regarding their realization.

10. RELATED PARTY TRANSACTIONS

Peter R. Ellis

In March 1998, Autobytel.com extended to co-founding member and stockholder, Peter R. Ellis a \$250 loan bearing interest at 8% per annum compounded quarterly with principal and accrued interest due in full in March 2003. The loan was secured by Mr. Ellis's stock in Autobytel.com. Mr. Ellis repaid the loan, including accrued interest, in January 2000.

In June 1998, Mr. Ellis resigned from Autobytel.com as Chief Executive Officer. In August 1998, Autobytel.com executed a two year agreement with Mr. Ellis to provide advisory services. Under the agreement, Mr. Ellis received \$500 in the first year and is entitled to receive \$5 per month in the second year of the agreement term. The amounts paid to Mr. Ellis under this agreement are included in operating expenses in the accompanying consolidated statements of operations. In January 2000, Mr. Ellis gave Autobytel.com a 90-day termination notice of the agreement.

11. BUSINESS SEGMENT

Autobytel.com conducts its business within one business segment, which is defined as providing online vehicle purchasing and other related services.

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AUTOBYTEL.COM.INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA.)

12. SUBSEQUENT EVENTS (UNAUDITED)

Acquisition of A.I.N. Corporation

In February 2000, Autobytel.com acquired all of the outstanding stock of A.I.N. Corporation, which operates CarSmart.com, an online buying site for new and used vehicles, for 1.8 million shares of Autobytel.com common stock and \$3,000 in cash. The acquisition will be accounted for as a purchase.

Formation of Autobytel.Europe LLC

In January 2000, Autobytel.com and strategic partners funded Autobytel.Europe LLC (Autobytel.Europe) to expand its operations and business in Europe. Autobytel.com licensed its technology, business processes and trade name to Autobytel.Europe on a royalty free perpetual basis and contributed to Autobytel.Europe its existing license agreements for the United Kingdom and Scandinavia and Finland. As of February 29, 2000, total funding for Autobytel.Europe was \$36.7 million. As of such date, Autobytel.com owned 78% of Autobytel.Europe.

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EXHIBIT INDEX

NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
2.1	Agreement and Plan of Merger dated October 14, 1999, entered into among autobytel.com inc., Autobytel Acquisition I Corp., A.I.N. Corporation, and shareholders of A.I.N. Corporation is incorporated herein by reference to Exhibit 2.1 of the Form 8-K filed with the Securities and Exchange Commission (the "SEC") on February 15, 2000	
2.2	Amendment to Agreement and Plan of Merger dated January 25, 2000, entered into among autobytel.com inc., Autobytel Acquisition I Corp., A.I.N. Corporation, and shareholders of A.I.N. Corporation is incorporated herein by reference to Exhibit 2.2 of the Form 8-K filed with the SEC on February 15, 2000	
2.3	Amendment No. 2 to Agreement and Plan of Merger dated February 14, 2000, entered into among autobytel.com inc., Autobytel Acquisition I Corp., A.I.N. Corporation, and shareholders of A.I.N. Corporation is incorporated herein by reference to Exhibit 2.3 of the Form 8-K filed with the SEC on February 15, 2000	
3.1	Amended and Restated Certificate of Incorporation of autobytel.com inc. certified by the Secretary of State of Delaware (filed December 14, 1998 and amended March 1, 1999) is incorporated herein by reference to Exhibit 3.1 of Amendment No. 2 (filed on March 5, 1999) to autobytel.com inc.'s Registration Statement on Form S-1 (File No. 333-70621) originally filed with the SEC on January 15, 1999 and declared effective (as amended) on March 25, 1999 (the "Registration Statement")	
3.2	Second Certificate of Amendment of the Fifth Amended and Restated Certificate of Incorporation is incorporated herein by reference to Exhibit 3.1 of autobytel.com inc.'s Form 10-Q for the Quarter Ended June 30, 1999 filed with the SEC on August 12, 1999	
3.3	Amended and Restated Bylaws of autobytel.com inc. is incorporated herein by reference to Exhibit 3.2 of Amendment No. 2 to the Registration Statement filed with the SEC on March 5, 1999	
4.1	Form of Stock Certificate is incorporated herein by reference to Exhibit 4.1 of Amendment No. 2 to the Registration Statement filed with the SEC on March 5, 1999	
4.2	Amended and Restated Investors' Rights Agreement dated October 21, 1997 as amended from time to time, between autobytel.com inc. and the Investors named in Exhibit A thereto is incorporated herein by reference to Exhibit 4.2 of the Registration Statement filed with the SEC on January 15, 1999	
9.1	Voting Proxy dated January 11, 1999 by Peter R. Ellis is incorporated herein by reference to Exhibit 9.1 of the Registration Statement filed with the SEC on January 15, 1999	
10.1	Form of Indemnification Agreement between autobytel.com inc. and its directors and officers is incorporated herein by reference to Exhibit 10.1 of the Registration Statement filed with the SEC on January 15, 1999	
10.2	Employment Agreement dated July 1, 1998 between autobytel.com inc. and Mark W. Lorimer is incorporated herein by reference to Exhibit 10.2 of the Registration Statement filed with the SEC on January 15, 1999	
10.3	Employment Agreement dated December 17, 1998 between autobytel.com inc. and Ann Delligatta is incorporated herein by reference to Exhibit 10.3 of Amendment No. 3 to the Registration Statement filed with the SEC on March 22, 1999	

NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
10.4	Letter Agreement dated March 7, 1999 between autobytel.com inc. and Ariel Amir is incorporated herein by reference to Exhibit 10.37 of Amendment No. 5 to the Registration Statement filed with the SEC on March 25, 1999	
10.5	Letter Agreement dated December 18, 1998 between autobytel.com inc. and Hoshi Printer is incorporated herein by reference to Exhibit 10.38 of Amendment No. 5 to the Registration Statement filed with the SEC on March 25, 1999	
10.6	First Amendment dated as of December 31, 1998 to Employment Agreement between Autobytel.com and Ann Marie Delligatta is incorporated herein by reference to Exhibit 10.4 of Form 10-Q for the Quarter Ended September 30, 1999 filed with the SEC on November 12, 1999	
10.7	First Amendment dated as of July 31, 1998 to Employment Agreement between Autobytel.com and Mark W. Lorimer is incorporated herein by reference to Exhibit 10.5 of Form 10-Q for the Quarter Ended September 30, 1999 filed with the SEC on November 12, 1999	
10.8	Employment Agreement dated as of February 14, 2000 among A.I.N. Corporation, autobytel.com inc. and Michael Gorun	
10.9	1996 Employee Stock Purchase Plan is incorporated herein by reference to Exhibit 10.7 of Amendment No. 1 to the Registration Statement filed with the SEC on February 9, 1999	
10.10	1998 Stock Option Plan is incorporated herein by reference to Exhibit 10.8 of Amendment No. 1 to the Registration Statement filed with the SEC on February 9, 1999	
10.11	1999 Stock Option Plan is incorporated herein by reference to Exhibit 10.30 of Amendment No. 1 to the Registration Statement filed with the SEC on February 9, 1999	
10.12	1999 Employee and Acquisition Related Stock Option Plan is incorporated herein by reference to Exhibit 10.1 of the Registration Statement filed on Form S-8 (file no. 333-90045) with the SEC on November 1, 1999	
10.13	Amendment No. 1 to the autobytel.com inc. 1998 Stock Option Plan dated September 22, 1999 is incorporated herein by reference to Exhibit 10.2 of Form 10-Q for the Quarter Ended September 30, 1999 filed with the SEC on November 12, 1999	
10.14	Amendment No. 1 to the autobytel.com inc. 1999 Stock Option Plan, dated September 22, 1999 is incorporated herein by reference to Exhibit 10.1 of Form 10-Q for the Quarter Ended September 30, 1999 filed with the SEC on November 12, 1999	
10.15+	Amendment to Marketing Agreement of February 8, 1996, dated June 6, 1997 between Edmund Publications Corp. and autobytel.com inc. is incorporated herein by reference to Exhibit 10.11 of Amendment No. 1 to the Registration Statement filed with the SEC on February 9, 1999	
10.16	Form of Dealership Agreements are incorporated herein by reference to Exhibit 10.12 of the Registration Statement filed with the SEC on January 15, 1999	
10.17	Marketing and Application Processing Agreement dated February 1, 1997 between General Electric Capital Auto Financial Services, Inc., ABTAC and Auto-By-Tel, Inc., as guarantor is incorporated herein by reference to Exhibit 10.14 of the Registration Statement filed with the SEC on January 15, 1999	

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NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
10.18+	Content License and Channel Sponsorship Term Sheet dated September 12, 1997 between Excite, Inc. and Auto-By-Tel	

- 10.19+ Data License and Web Site Agreement dated April 1, 1997 between IntelliChoice, Inc. and Auto-By-Tel Marketing Corporation and the autobytel.com inc. is incorporated herein by reference to Exhibit 10.16 of the Registration Statement filed with the SEC on January 15, 1999
- 10.20+ Kelley Blue Book/Auto-By-Tel Agreement dated November 19, 1997, as amended July 1, 1998, between Kelley Blue Book and Auto-By-Tel Corp. is incorporated herein by reference to Exhibit 10.17 of the Registration Statement filed with the SEC on January 15, 1999
- 10.21+ Listings Distribution, Sponsorship, Display Advertising and Network Affiliation Agreement dated May 29, 1997 between Classifieds2000, Inc. and Auto-By-Tel Corp. is incorporated herein by reference to Exhibit 10.18 of the Registration Statement filed with the SEC on January 15, 1999
- 10.22+ Site Page Sponsorship and Commission Agreement dated June 25, 1997, between Auto-By-Tel Marketing Corporation and AT&T Corp. is incorporated herein by reference to Exhibit 10.20 of the Registration Statement filed with the SEC on January 15, 1999
- 10.23+ Sponsorship Agreement, dated as of June 24, 1998, between Excite, Inc. and Auto-By-Tel Corp. is incorporated herein by reference to Exhibit 10.22 of Amendment No. 2 to the Registration Statement filed with the SEC on March 5, 1999
- 10.24+ License and Services Agreement dated November 23, 1998 between autobytel.com inc. and Auto-by-Tel UK Limited is incorporated herein by reference to Exhibit 10.24 of the Registration Statement filed with the SEC on January 15, 1999
- 10.25+ Share Purchase Agreement dated November 23, 1998 between autobytel.com inc. and Inchcape Automotive Limited is incorporated herein by reference to Exhibit 10.25 of the Registration Statement filed with the SEC on January 15, 1999
- 10.26+ Procurement and Trafficking Agreement dated September 24, 1998 between DoubleClick Inc. and autobytel.com inc. is incorporated herein by reference to Exhibit 10.27 of the Registration Statement filed with the SEC on January 15, 1999
- 10.27 Advisory Agreement dated August 20, 1998 between autobytel.com inc. and Peter R. Ellis is incorporated herein by reference to Exhibit 10.29 of the Registration Statement filed with the SEC on January 15, 1999
- 10.28 Form of Gold Term Subscription Agreement is incorporated herein by reference to Exhibit 10.31 of Amendment No. 1 to the Registration Statement filed with the SEC on February 9, 1999
- 10.29 Form of Platinum Term Continuation Rider is incorporated herein by reference to Exhibit 10.32 of Amendment No. 1 to the Registration Statement filed with the SEC on February 9, 1999
- 10.30+ Marketing Agreement dated February 18, 1999 between autobytel.com inc. and Lycos, Inc. is incorporated herein by reference to Exhibit 10.33 of Amendment No. 2 to the Registration Statement filed with the SEC on March 5, 1999
- 10.31 Amended and Restated Operating Agreement dated as of January 6, 2000 among Autobytel.Europe LLC, autobytel.com inc., GE Capital Equity Holdings, Inc., Inchcape Overseas Investments B.V., and Pon Holdings B.V.

NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
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10.32	1996 Stock Option Plan and related agreements are incorporated herein by reference to Exhibit 10.5 of Amendment No. 1 to the Registration Statement filed with the SEC on February 9, 1999	

- 10.33 1996 Stock Incentive Plan and related agreements are incorporated herein by reference to Exhibit 10.6 of Amendment No. 1 to the Registration Statement filed with the SEC on February 9, 1999
- 10.34+ Intercompany Software License Agreement dated as of January 6, 2000 between autobytel.com inc. and Autobytel.Europe LLC
- 10.35 Form of autobytel.com Gold Term Services Agreement
- 10.36 Form of CarSmart.com Internet Marketing Agreement
- 10.37 autobytel.com inc. Retirement Savings Plan is incorporated herein by reference to the Registration Statement filed on Form S-8 (file no. 333-33038) with the SEC on March 22, 2000
- 21.1 Subsidiaries of autobytel.com inc.
- 23.1 Consent of Arthur Andersen LLP, Independent Public Accountants
- 23.2 Consent of ADT Automotive Inc.
- 24.1 Power of Attorney (reference is made to the signature page)
- 27.1 Financial Data Schedule

+ Confidential treatment has been requested with regard to certain portions of this document. Such portions were filed separately with the Securities and Exchange Commission.

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made and entered into, at Irvine, California, as of February 14, 2000, by and between A.I.N. Corporation, a California corporation (the "Company"), with offices at 3170 Crow Canyon Place, #270, San Ramon; autobyte.com inc., a corporation duly organized under the laws of the State of Delaware and the sole stockholder of the Company (the "Parent"), with offices at 18872 MacArthur Blvd., Irvine, California 92612-1400; and Michael Gorun (hereinafter referred to as the "Executive"), who resides at 2583 Alamo County Circle, Alamo, California 94507.

RECITALS

WHEREAS: Executive desires to be employed and the Company desires to employ Executive, subject to the following terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and with reference to the above recitals, the parties hereby agree as follows:

ARTICLE 1

TERM OF EMPLOYMENT

The Company hereby employs the Executive as President of the Company and the Executive hereby accepts such employment by the Company for a period of three (3) years (the "Term") commencing from the date hereof (the "Commencement Date") and expiring upon the third anniversary of the Commencement Date, unless extended by mutual agreement of the parties.

ARTICLE 2

DUTIES AND OBLIGATIONS

2.1 During the Term of this Agreement, the Executive shall: (i) devote his full business time, attention and energies to the business of the Company; (ii) shall use his best efforts to promote the interests of the Company; (iii) shall perform all functions and services as the President of the Company, including general management and supervision over the operations of the business and employees of the Company; (iv) shall act in accordance with the policies and directives of the Company, as determined from time to time by the Board of Directors of the Company (the "Board") and by the Chief Executive Officer of the Parent.

2.2 The Executive covenants and agrees that, while actually employed by the Company, he shall not engage in any other business duties or pursuits whatsoever, or directly or indirectly render any services of a business or commercial nature to any other person or organization, including, but not limited to,

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providing services to any business that is in competition with or similar in nature to the Company or the Parent, whether for compensation or otherwise, without the prior written consent of the Board. Notwithstanding anything herein contained to the contrary, this Agreement shall not be construed to prohibit the Executive from making passive personal investments or conducting personal business, financial or legal affairs or other personal matters if those activities do not materially interfere with the services required hereunder.

ARTICLE 3

COMPENSATION

3.1 As compensation for the services to be rendered by the Executive pursuant to this Agreement, the Company will pay the Executive a base salary equal to Two Hundred Twenty- Five Thousand Dollars (\$225,000) per year during the Term of this Agreement, which rate shall be reviewed by the Board annually and may be increased (but not reduced) by the Board in such amounts as the Board, in its sole discretion, deems appropriate. The base salary shall be paid in substantially equal bimonthly installments, in accordance with the normal payroll practices of the Company.

3.2 The Company shall provide the Executive with the opportunity to earn an annual bonus for each fiscal year of the Company, occurring in whole or in part during the Term. The annual bonus payable to the Executive shall be in such amount and based on such criteria for the award as may be established by the Board from time to time. Any bonus shall be paid as promptly as practicable following the end of the preceding fiscal year. The Executive shall participate in all other employee benefit plans in which other senior executives of the Company are eligible collectively to participate from time to time.

3.3 As further consideration for the services rendered by the Executive during the Term, the Executive shall be granted a stock option to purchase shares of the Parent's common stock on the terms and conditions set forth in the Stock Option Agreement attached as Exhibit A (the "Option").

3.4 The Company shall have the right to deduct or withhold from the compensation due to the Executive hereunder any and all sums required for federal income and employee social security taxes and all state or local income taxes now applicable or that may be enacted and become applicable during the Term.

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ARTICLE 4

EMPLOYEE BENEFITS

4.1 The Company agrees that the Executive shall be entitled to all ordinary and customary perquisites afforded to executive employees of the Company.

4.2 The Executive shall be entitled to three (3) weeks of paid vacation for each year of his employment hereunder.

ARTICLE 5

BUSINESS EXPENSES

5.1 The Company shall pay or reimburse the Executive for all reasonable and authorized business expenses incurred by the Executive during the Term; such payment or reimbursement shall not be unreasonably withheld so long as said business expenses have been incurred for and promote the business of the Company and are incurred in accordance with the Company's expense reimbursement policies.

5.2 As a condition to reimbursement under this Article 5, the Executive shall furnish to the Company adequate records and other documentary evidence required by federal and state statutes and regulations for the substantiation of each expenditure. The Executive acknowledges and agrees that failure to furnish the required documentation may result in the Company denying all or part of the expense for which reimbursement is sought.

ARTICLE 6

TERMINATION OF EMPLOYMENT

6.1 Termination for Cause. The Board may, during the Term, without notice to the Executive, terminate this Agreement and discharge the Executive

for Cause, whereupon the respective rights and obligations of the parties hereunder shall terminate; provided, however, that the Company shall pay the Executive any amount due and owing pursuant to Articles 3, 4, and 5, prorated to the date of termination. As used herein, the term "for Cause" shall refer to the termination of the Executive's employment as a result of any one or more of the following: (i) Executive commits any willful breach or gross neglect of his duties under this Agreement after written notice to Executive specifying such breach or neglect and if possible a reasonable opportunity to cure such of not less than ten (10) days, (ii) Executive is convicted of a felony or charged with a misdemeanor involving a moral turpitude, or (iii) Executive breaches the covenants contained in Article 8 hereof.

6.2 Termination Without Cause. The Company in its sole and absolute discretion may elect to terminate this Agreement without Cause or prior warning immediately upon written notice to Executive, in which event the Company's only obligations shall be to pay to Executive

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(i) any amount due and owing pursuant to Articles 3, 4, and 5, prorated to the date of termination and (ii) the Executive's salary for an additional One Hundred Eighty (180) days following the termination.

6.3 Termination for Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Term. If the Company determines in good faith that the Disability (as defined below) of the Executive has occurred during the Term, it shall give written notice to the Executive of its intention to terminate his employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive, provided that, within the thirty (30) days after such receipt, the Executive shall not have returned to full-time performance of his duties.

For purposes of this Agreement, "Disability" shall mean the inability of the Executive to perform his duties under this Agreement on account of physical or mental illness or incapacity for a period of one hundred twenty (120) consecutive calendar days, or for a period of one hundred eighty (180) calendar days, whether or not consecutive, during any three hundred sixty-five (365) day period.

6.4 Termination for Good Cause. The Executive may terminate his employment with the Company due to the Company's relocation of the Executive's principal business office more than 50 miles outside San Ramon, California without his consent, in which event the Company's only obligations shall be to pay to Executive (i) any amount due and owing pursuant to Articles 3, 4, and 5, prorated to the date of termination and (ii) the Executive's salary for an additional One Hundred Eighty (180) days following the termination.

ARTICLE 7

INDEMNIFICATION

7.1 If the Executive is a party or is threatened to be made a party to any threatened, pending or completed claim, action, suit or proceeding, or appeal therefrom, whether civil, criminal, administrative, investigative or otherwise, because he is or was an officer or director of the Company, the Company shall indemnify the Executive against any reasonable expenses (including attorneys' fees and disbursements), and any judgments, fines and amounts paid in settlement incurred by him in connection with such claim, action, suit, proceeding or appeal therefrom to the extent such expenses, judgments, fines and amounts paid in settlement were not advanced by the Company on his behalf pursuant to Section 7.2 below, to the fullest extent permitted by law.

7.2 Provided that Executive shall first have agreed in writing to repay such amounts advanced if it is determined by an arbitrator or court of competent jurisdiction that the Executive

was not entitled to indemnification, upon the written request of the Executive specifying the amount of a requested advance and the intended use thereof, the Company shall indemnify Executive for his expenses (including attorneys' fees and disbursements), judgments, fines and amounts paid in settlement incurred by him in connection with such claim, action, suit, proceeding or appeal whether civil, criminal, administrative, investigative or otherwise, in advance of the final disposition of any such claim, action, suit, proceeding or appeal therefrom to the fullest extent permitted by law.

ARTICLE 8

RESTRICTIVE COVENANTS

8.1 Covenant Not to Disclose Confidential Information. During the Term and following termination of this Agreement, the Executive agrees that, without the Company's prior written consent authorized by the Board, he will not use or disclose to any person, firm, association, partnership, entity or corporation, any confidential information concerning: (i) the business operations or internal structure of the Company, the Parent or any of their subsidiaries, joint ventures, other operations, affiliates or investments (collectively, the Business"); (ii) the customers of the Business; (iii) the financial condition of the Business; and (iv) other confidential information pertaining to the Business, including without limitation, trade secrets, technical data, marketing analyses and studies, operating procedures, customer and/or inventor lists, or the existence or nature of any of the agreements concerning the Business; provided, however, that the Executive shall be entitled to disclose such information: (i) to the extent the same shall have otherwise become publicly available (unless made publicly available by the Executive); (ii) during the course of or in connection with any actual or potential litigation, arbitration, or other proceeding based upon or in connection with the subject matter of this Agreement; (iii) as may be necessary or appropriate to conduct his duties hereunder, provided the Executive is acting in good faith and in the best interest of the Company; or (iv) as may be required by law or judicial process.

8.2 Covenant Not to Compete. The Executive acknowledges that he has established and will continue to establish favorable relations with the customers, clients and accounts of the Business and will have access to trade secrets concerning the Business. Therefore, in consideration of such relations and to further protect trade secrets, directly or indirectly, of the Company and the Parent, the Executive agrees that during the Term, the Executive will not, directly or indirectly, without the express written consent of the Board own or have any interest in or act as an officer, director, partner, principal, employee, agent, representative, consultant or independent contractor of, or in any way assist in, any business which is engaged, directly or indirectly, in any business competitive with the Business in the United States at any time during the Term, or become associated with or render services to any person, firm, corporation or other entity so engaged ("Competitive Businesses"); provided, however; that the Executive may own without the express written consent of the Company not more than one percent (1%) of the issued and outstanding securities of any company or enterprise whose securities are listed on a

national securities exchange or actively traded in the over-the-counter market. Notwithstanding the foregoing, if any court determines that the covenant not to compete, or any part thereof, is unenforceable because of the duration of such provision or the geographic area or scope covered thereby, such court shall have the power to reduce the duration, area or scope of such provision to the extent necessary to make the provision enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced;

8.3 Nonsolicitation. The Executive acknowledges that he has established and will continue to establish favorable relations with the customers, clients and accounts of the Business and will have access to trade secrets concerning the Business. Therefore, in consideration of such relations and to further protect trade secrets, directly or indirectly, of the Company and the Parent,

the Executive agrees that during the Term and two (2) years thereafter, the Executive will not, directly or indirectly, without the express written consent of the Board

(i) solicit clients, customers or accounts of the Company for, on behalf of or otherwise related to the Business or any products or services related thereto for any other person or entity; or

(ii) solicit any person who is or shall be in the employ or service of the Business (or within 12 months of any such solicitation was in the employ or service of the Business) to leave such employ or service to become employed with any other business.

8.4 Specific Performance. Recognizing that irreparable damage will result to the Company and the Parent in the event of the breach or threatened breach of any of the foregoing covenants and assurances by the Executive contained in this Article 8, and that the Company's and Parent's remedies at law for any such breach or threatened breach may be inadequate, the Company and the Parent and their successors and assigns, in addition to such other remedies which may be available to them, shall be entitled to an injunction to be issued by any court of competent jurisdiction ordering compliance with this Agreement or enjoining and restraining the Executive, and each and every person, firm or company acting in concert or participation with him, from the continuation of such breach. The obligations of the Executive and rights of the Company and the Parent pursuant to this Article 8 shall survive the termination of this Agreement. The covenants and obligations of the Executive set forth in this Article 8 are in addition to and not in lieu of or exclusive of any other obligations and duties the Executive owes to the Company, whether expressed or implied in fact or law.

ARTICLE 9

GENERAL PROVISIONS

9.1 This Agreement and any attached schedules or exhibits (which are incorporated herein and shall be treated as a part of this Agreement) are intended to be the final, complete and

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exclusive agreement between the parties relating to the employment of the Executive by the Company and all prior or contemporaneous understandings, representations and statements, oral or written, are merged herein. No modification waiver, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement thereof is or may be sought.

9.2 No waiver, by conduct or otherwise, by any party of any term, provision, or condition of this Agreement, shall be deemed or construed as a further or continuing waiver of any such term, provision, or condition nor as a waiver of a similar or dissimilar condition or provision at the same time or at any prior or subsequent time.

9.3 The rights under this Agreement, or by law or equity, shall be cumulative and may be exercised at any time and from time to time. No failure by any party to exercise, and no delay in exercising, any rights shall be construed or deemed to be a waiver thereof, nor shall any single or partial exercise by any party preclude any other or future exercise thereof or the exercise of any other right.

9.4 Except as otherwise provided in this Agreement, any notice, approval, consent, waiver or other communication required or permitted to be given or to be served upon any person in connection with this Agreement shall be in writing. Such notice shall be personally served, sent by telegram, telex, fax or cable, or sent prepaid by either registered or certified mail with return receipt requested or Federal Express and shall be deemed given (i) if personally served or by Federal Express, when delivered to the person to whom such notice is addressed, (ii) if given by telegram, telex, fax or cable, when sent, or (iii) if given by mail, two (2) business days following deposit in the United States mail. Any notice given by telegram, telex, fax or cable shall be confirmed in writing by overnight mail or Federal Express within forty-eight

(48) hours after being sent. Such notices shall be addressed to the party to whom such notice is to be given at the party's address set forth below or as such party shall otherwise direct.

If to the Parent or:
the Company autobytel.com inc.
 18872 MacArthur Blvd., Second Floor
 Irvine, California 92612-1400
 Attn: General Counsel
 Facsimile: (949) 862-1323

With a copy to: Thomas Pollock, Esq.
 Paul, Hastings, Janofsky & Walker LLP
 345 California Street, 29th Floor
 San Francisco, California 94104
 Facsimile: (415) 217-5333

If to the Executive: Michael Gorun
 2583 Alamo County Circle
 Alamo, California 94507
 Facsimile: (925) 277-0260

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With a copy to: Paul Lion, Esq.
 Morrison & Foerster LLP
 755 Page Mill Road
 Palo Alto, California 94304
 Facsimile: (650) 494-0792

9.5 The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

9.6 This Agreement shall be construed and enforced in accordance with the laws of the State of California, without giving effect to the principles of conflict of laws thereof.

9.7 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one instrument.

9.8 The provisions of this Agreement are agreed to be severable, and if any provision, or application thereof, is held invalid or unenforceable, then such holding shall not effect any other provision or application.

9.9 As used herein, and as the circumstances require, the plural term shall include the singular, the singular shall include the plural, the neuter term shall include the masculine and feminine genders, and the masculine term shall include the neuter and the feminine genders.

9.10 Any controversy or claim arising out of, or related to, this Agreement, or the breach thereof, shall be settled by binding arbitration in the City of Irvine, California, in accordance with the rules then in effect of the American Arbitration Association, and the arbitrator's decision shall be binding and final, and judgment upon the award rendered may be entered in any court having jurisdiction thereof. Each party hereto shall pay its or their own expenses incident to the negotiation, preparation and resolution of any controversy or claim arising out of, or related to, this Agreement, or the breach thereof, provided, however, the Company shall pay and be solely responsible for any attorneys' fees and expenses and court or arbitration costs incurred by the Executive as a result of a claim that the Company has breached or otherwise failed to perform this Agreement or any provision hereof to be performed by the Company if the Executive prevails in the contest in whole or in part.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

AIN CORPORATION

By: /s/ Michael Gorun

Name: Michael Gorun

Title: President and Secretary

AUTOBYTEL.COM INC.

By /s/ Ariel Amir

Name: Ariel Amir

Title: Vice-President and General Counsel

/s/ Michael Gorun

MICHAEL GORUN

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[*] Confidential Treatment has been requested for certain portions of this exhibit.

CONTENT LICENSE AND CHANNEL SPONSORSHIP TERM SHEET

This agreement ("Agreement") is entered into as of the 12th day of September, 1997 ("Effective Date"), by and between Excite, Inc., a California corporation, located at 555 Broadway, Redwood City, California 94063 ("Excite"), and Auto-By-Tel, a California corporation, located at 18872 MacArthur Blvd, #200, Irvine, California, 92612-1400 ("Auto-By-Tel").

RECITALS

- A. Excite maintains a site on the Internet at <http://www.excite.com> and owns and/or manages related Web sites worldwide (collectively, the "Excite Network") which, among other things, allow its users to search for and access content and other sites on the Internet.
- B. Within the Excite Network, Excite currently organizes certain content into topical channels, including the Excite Automotive Channel.
- C. Excite also maintains and/or manages certain Web pages which may be delivered to users via email, desktop "channels" or Internet "push" technologies (collectively, "Broadcast Pages") which may incorporate content supplied to Excite by third parties for the purpose of providing value to Excite users and providing access to the content, products and/or services of such third parties.
- D. Auto-By-Tel owns or has the right to distribute certain content relating to online automobile buying and maintains a related site on the Internet at <http://www.autobytel.com> (the "Auto-By-Tel Site") for which it wishes to generate increased traffic.
- E. Auto-By-Tel wishes to promote use of the Auto-By-Tel Site to Excite's users by sponsoring the Excite Automotive Channel and purchasing banner advertising on the Excite Network.

Therefore, the parties agree as follows:

1. SPONSORSHIP OF EXCITE AUTOMOTIVE CHANNEL

- a) Auto-By-Tel will be the exclusive online automobile buying service sponsor of the Excite Automotive Channel, located at <http://www.excite.com>.
- b) During the term of the Agreement, Excite will not display any banner advertising or promotional placements for any of Auto-By-Tel's direct competitors (listed in Exhibit C) in the Excite Automotive Channel. Not more than once per quarter, Auto-By-Tel may update this list of competitors.

- c) In the event that Excite intends to enter into an agreement with a third party with respect to sponsorship of the Excite Automotive Channel before the expiration of the term of the Agreement, Excite will deliver to Auto-By-Tel a written notice describing the relevant opportunity. Although Excite will not be required to disclose any information in violation of any nondisclosure agreement between Excite and any third party, the notice will include information sufficient to permit Auto-By-Tel to evaluate the requirements for meeting the competing offer for sponsorship of the Excite Automotive Channel and to formulate a meaningful response. Auto-By-Tel will have ten (10) days after receipt of such written notice to provide notice to Excite that it is prepared to enter into an agreement with Excite on the same terms and conditions as

Excite proposes to accept from such third party. Excite and Auto-By-Tel will then promptly commence good faith negotiations to conclude the agreement. If Auto-By-Tel rejects said offer or fails to notify Excite of its acceptance within the ten (10) day period, Excite shall have the right to enter into the agreement with such third party, provided the terms and conditions of the agreement are not less favorable to Excite than previously offered by Auto-By-Tel.

2. MARKETING AND PROMOTION

- a) Excite will feature Auto-By-Tel in the Auto Buying Services department of the Excite Automotive Channel for the term of the Agreement.
- b) Excite will conduct three (3) two-week car give away promotions on the Excite home page promoting Auto-By-Tel during the first year of the Agreement, with one promotion coinciding with the launch of Auto-By-Tel's sponsorship and the other two to be mutually scheduled. Excite will conduct similar promotions in years two and three of the Agreement. Auto-By-Tel will provide the cars to be given away through these promotions.
- c) Auto-By-Tel will purchase banner advertising on the Excite Network in Year One of the Agreement in the amounts described in Exhibit A. Auto-By-Tel will purchase banner advertising on the Excite Network in Year Two and Year Three in amounts substantially comparable to the amounts agreed upon in Exhibit B.
- d) Excite will deliver a minimum of [*] impressions of Auto-By-Tel promotional placements during the term of the Agreement, including the placement in the Auto Buying Services department of the Excite Automotive Channel, the car give-away promotions and the banner advertisements described above, the display of Auto-By-Tel's content described below and other promotional placements that may be determined by the parties.
- e) Neither party will make any public statement, press release or other announcement relating to the terms of or existence of this Agreement without the prior written approval of the other. Notwithstanding the foregoing, Auto-By-Tel hereby grants to Excite the right to issue an initial press release, the

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timing and wording of which will be subject to Auto-By-Tel's reasonable approval, regarding the relationship between Excite and Auto-By-Tel.

3. CONTENT PROVIDED TO EXCITE

- a) Auto-By-Tel will provide to Excite mutually agreed upon content relating to online automobile buying such as AutoSite and The Bank Rate Monitor (the "Content") which is described in Exhibit D. Excite may display the Content in the Excite Automotive Channel and in other locations in the Excite Network. Excite will determine the "look and feel" of the Excite Automotive Channel and the Excite Network.
- b) Auto-By-Tel and Excite will determine mutually agreeable methods for the transmission and incorporation of updates to the Content. Other than updates to the Content or revisions as needed to reflect changes to Auto-By-Tel's name and/or brand, Auto-By-Tel will not alter the Content without Excite's prior consent.
- c) Auto-By-Tel will have sole responsibility for providing, at its expense, the Content to Excite.

- d) Reasonable excerpts or portions of the Content may be incorporated into "Broadcast Pages" delivered by Excite via email, desktop "channels" or Internet "push" technologies. Excite will determine the "look and feel" of the Broadcast Pages.

4. SPONSORSHIP AND ADVERTISING FEES AND REVENUE SHARING

- a) A set-up fee of [*] will be due to Excite upon execution of the Agreement as compensation for costs of initiating access to the Excite Network, programming costs associated with the incorporation of the Content into the Excite Network, set-up costs and other expenses associated with Excite's initiation of the links, placements, advertisements and promotions contemplated by this Agreement.

- b) Separate and apart from the set-up fee, sponsorship and advertising fees will be due to Excite as follows:

	Year 1 -----	Year 2 -----	Year 3 -----
Sponsorship	[*]	[*]	[*]
Banners - US	[*]	[*]	[*]
Banners - WebTV/ International	[*]	[*]	[*]
Total	[*]	[*]	[*]

In the event that Excite is unable to deliver the agreed-upon amount of banner advertising in the WebTV and/or International rotations, Excite will provide the

undelivered amounts in rotation on its primary Web site.

- c) Auto-By-Tel will pay Excite a bounty per unique purchase request submitted by users referred to the Auto-By-Tel Site from the Excite Network of [*] for the first [*] unique purchase requests in each year of the Agreement, [*] for the second [*] unique purchase requests in each year of the Agreement and [*] for each unique purchase request in excess of [*] in each year of the Agreement. [*]
- d) If the number of unique purchase requests submitted by users referred directly to the Auto-By-Tel Site from the Excite Network in any year of the Agreement exceeds [*], the bounty increases to [*] for the first [*] unique purchase requests in the following year of the Agreement, [*] for the second [*] unique purchase requests in the following year of the Agreement and [*] for each unique purchase request in excess of [*] in the following year of the Agreement.
- e) The set-up, sponsorship and advertising fees are gross amounts and do not reflect any agency commissions to be paid by Auto-By-Tel. The bounty payment amounts are net of any agency commissions to be paid by Auto-By-Tel.
- f) Sponsorship and advertising fees will be paid in twelve equal monthly installments commencing on the execution of the Agreement. Bounty payments will be made quarterly. The parties will conduct annual reviews to ensure accurate payments and accounting.
- g) Auto-By-Tel will maintain accurate records with respect to the calculation of all payments due under this Agreement. Excite may, upon no less than thirty (30) days prior written notice to Auto-By-Tel, cause an independent Certified Public Accountant to inspect the records of Auto-By-Tel reasonably related to the calculation of such payments during Auto-By-Tel's normal business hours. The fees charged by such

Certified Public Accountant in connection with the inspection will be paid by Excite unless the payments made to Excite are determined to have been less than ninety-five percent (95%) of the payment owed to Excite, in which case Auto-By-Tel will be responsible for the payment of the reasonable fees for such inspection.

5. CUSTOMER INFORMATION

- a) Auto-By-Tel will retain all rights to customers acquired pursuant to the Agreement.
- b) Once per quarter, in connection with Auto-By-Tel's bounty payments, Auto-By-Tel will provide Excite with all of the customer information it acquires through the purchase requests submitted by users referred directly to Auto-By-Tel's Web site from the Excite Network. This customer information will be deemed to be the joint property of the parties. Under no circumstances will Excite sell, provide or transfer this customer information to any third party.

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6. OPERATIONAL SUPPORT

- a) Excite will provide, at its sole expense, Account Management support of the Auto Buying Services department of the Excite Automotive Channel sufficient to support for the level of sales and marketing contemplated by the Agreement.
- b) The parties will hold formal reviews on a monthly basis to maintain anticipated results according to the sponsorship objectives. Advertising and sponsorship placements will be adjusted monthly by mutual agreement.

7. TERM AND TERMINATION

- a) The Agreement will have an initial term of three (3) years.
- b) Auto-By-Tel will have the option to cancel the Agreement if, at the end of the first year of the Agreement, users referred to the Auto-By-Tel Site from the Excite Network do not submit [*] unique purchase requests.
- c) Excite will have the option to cancel the Agreement if, at the end of the second year under the term of the Agreement, Excite has not received an aggregate amount of [*] in Bounty.
- d) Either party may terminate this Agreement if the other party materially breaches its obligations hereunder and such breach remains uncured for thirty (30) days following the notice to the breaching party of the breach, with the following exceptions:
 - (i) In the event of three or more errors, failures or outages of the Content in any thirty (30) day period, Excite may elect to immediately terminate this Agreement upon written notice to Auto-By-Tel and enter into an other arrangements for the acquisition of similar content; or
 - (ii) Auto-By-Tel will ensure that the Content will at all times be at least comparable to any other source of similar topical content available on the Internet in terms of the following factors, taken as a whole: (i) breadth and depth of coverage, (ii) timeliness of content updates and (iii) reputation and ranking based on a cross-section of third party reviewers in terms of features, functionality, quality and other qualitative factors. In the event that Auto-By-Tel fails to meet these quality criteria, Excite may terminate this agreement on thirty (30) days written

notice and enter into an other arrangements for the acquisition of similar content.

- e) All payments that have accrued prior to the termination or expiration of this Agreement will be payable in full within thirty (30) days thereof.

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- f) The provisions of Section 10 (Confidentiality), Section 11 (Warranty and Indemnity), Section 12 (Limitation of Liability) and Section 13 (Dispute Resolution) will survive any termination or expiration of this Agreement.

8. CONTENT OWNERSHIP AND LICENSE

- a) Auto-By-Tel will retain all right, title and interest in and to the Content worldwide (including, but not limited to, ownership of all copyrights and other intellectual property rights therein). Subject to the terms and conditions of this Agreement, Auto-By-Tel hereby grants to Excite a royalty-free, nonexclusive, worldwide license to use, reproduce, distribute, transmit and publicly display the Content in accordance with this Agreement.
- b) Excite will retain all right, title, and interest in and to the Excite Network and the Broadcast Pages worldwide (including, but not limited to, ownership of all copyrights, look and feel and other intellectual property rights therein).

9. TRADEMARK OWNERSHIP AND LICENSE

- a) Auto-By-Tel will retain all right, title and interest in and to its trademarks, service marks and trade names worldwide, subject to the limited license granted to Excite hereunder.
- b) Excite will retain all right, title and interest in and to its trademarks, service marks and trade names worldwide, subject to the limited license granted to Auto-By-Tel hereunder.
- c) Each party hereby grants to the other a non-exclusive, limited license to use its trademarks, service marks or trade names only as specifically described in this Agreement. All such use shall be in accordance with each party's reasonable policies regarding advertising and trademark usage as established from time to time.
- d) Upon the expiration or termination of this Agreement, each party will cease using the trademarks, service marks and/or trade names of the other except:
 - i) As the parties may agree in writing; or
 - ii) To the extent permitted by applicable law.

10. CONFIDENTIALITY

- a) For the purposes of this Agreement, "Confidential Information" means information about the disclosing party's (or its suppliers') business or activities that is proprietary and confidential, which shall include all business, financial, technical and other information of a party marked or designated by such party as "confidential" or "proprietary"; or information which, by the nature of the

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circumstances surrounding the disclosure, ought in good faith to be treated as confidential.

- b) Confidential Information will not include information that (i) is in or enters the public domain without breach of this Agreement, (ii) the receiving party lawfully receives from a third party without restriction on disclosure and without breach of a nondisclosure obligation or (iii) the receiving party knew prior to receiving such information from the disclosing party or develops independently.
- c) Each party agrees (i) that it will not disclose to any third party or use any Confidential Information disclosed to it by the other except as expressly permitted in this Agreement and (ii) that it will take all reasonable measures to maintain the confidentiality of all Confidential Information of the other party in its possession or control, which will in no event be less than the measures it uses to maintain the confidentiality of its own information of similar importance.
- d) Notwithstanding the foregoing, each party may disclose Confidential Information (i) to the extent required by a court of competent jurisdiction or other governmental authority or otherwise as required by law or (ii) on a "need-to-know" basis under an obligation of confidentiality to its legal counsel, accountants, banks and other financing sources and their advisors.
- e) The information contained in the Usage Reports provided by each party hereunder will be deemed to be the Confidential Information of the disclosing party.
- f) The terms and conditions of this Agreement will be deemed to be the Confidential Information of each party and will not be disclosed without the written consent of the other party.

11. WARRANTY AND INDEMNITY

- a) Auto-By-Tel warrants that it owns, or has obtained the right to distribute and make available as specified in this Agreement, any and all content provided to Excite or made available to third parties in connection with this Agreement.
- b) Auto-By-Tel warrants that the Content will comply with the description and technical specifications contained in Exhibit D.
- c) Auto-By-Tel will indemnify, defend and hold harmless Excite, its affiliates, officers, directors, employees, consultants and agents from any and all third party claims, liability, damages and/or costs (including, but not limited to, attorneys fees) arising from:
 - i) The breach of any warranty, representation or covenant in this Agreement;

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- ii) Any claim that the Content infringes or violates any third party's copyright, patent, trade secret, trademark, right of publicity or right of privacy or contains any defamatory content; or
- iii) Any claim arising from content displayed on the Auto-By-Tel Site.

Excite will promptly notify Auto-By-Tel of any and all such claims and will reasonably cooperate with Auto-By-Tel with the defense and/or settlement thereof; provided that, if any settlement requires an affirmative obligation of, results in any ongoing liability to or prejudices or detrimentally impacts Excite in any way and such obligation, liability, prejudice or impact can reasonably be expected to be material, then such settlement shall require Excite's written consent

(not to be unreasonably withheld or delayed) and Excite may have its own counsel in attendance at all proceedings and substantive negotiations relating to such claim.

- d) EXCEPT AS SPECIFIED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTY IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT AND HEREBY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE REGARDING SUCH SUBJECT MATTER.

12. LIMITATION OF LIABILITY

EXCEPT UNDER SECTION 11(c), IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, WHETHER OR NOT THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE. THE LIABILITY OF EXCITE FOR DAMAGES OR ALLEGED DAMAGES HEREUNDER, WHETHER IN CONTRACT, TORT OR ANY OTHER LEGAL THEORY, IS LIMITED TO, AND WILL NOT EXCEED, THE AMOUNTS ACTUALLY PAID BY AUTO-BY-TEL TO EXCITE HEREUNDER.

13. DISPUTE RESOLUTION

- a) The parties agree that any breach of either of the parties' obligations regarding trademarks, service marks or trade names and/or confidentiality would result in irreparable injury for which there is no adequate remedy at law. Therefore, in the event of any breach or threatened breach of a party's obligations regarding trademarks, service marks or trade names or confidentiality, the aggrieved party will be entitled to seek equitable relief in addition to its other available legal remedies in a court of competent jurisdiction. For the purposes of this section only, the parties consent to venue in either the state courts of the county in which Excite has its principal place of business or the United States District Court for the Northern District of California.

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- b) In the event of disputes between the parties arising from or concerning in any manner the subject matter of this Agreement, other than disputes arising from or concerning trademarks, service marks or trade names and/or confidentiality, the parties will first attempt to resolve the dispute(s) through good faith negotiation. In the event that the dispute(s) cannot be resolved through good faith negotiation, the parties will refer the dispute(s) to a mutually acceptable mediator for hearing in the county in which Excite has its principal place of business.
- c) In the event that disputes between the parties arising from or concerning in any manner the subject matter of this Agreement, other than disputes arising from or concerning trademarks, service marks or trade names and/or confidentiality, cannot be resolved through good faith negotiation and mediation, the parties will refer the dispute(s) to the American Arbitration Association for resolution through binding arbitration by a single arbitrator pursuant to the American Arbitration Association's rules applicable to commercial disputes. The arbitration will be held in the county in which Excite has its principal place of business.

14. GENERAL

- a) Assignment. Neither party may assign this Agreement, in whole or in part, without the other party's written consent (which will not be unreasonably withheld), except that no such consent will be required in connection with a merger, reorganization or sale of all, or substantially all, of such party's assets. Any attempt to assign this Agreement other than as permitted above will be null and void.

- b) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California, notwithstanding the actual state or country of residence or incorporation of Auto-By-Tel.
- c) Notice. Any notice under this Agreement will be in writing and delivered by personal delivery, express courier, confirmed facsimile, confirmed email or certified or registered mail, return receipt requested, and will be deemed given upon personal delivery, one (1) day after deposit with express courier, upon confirmation of receipt of facsimile or email or five (5) days after deposit in the mail. Notices will be sent to a party at its address set forth below or such other address as that party may specify in writing pursuant to this Section.
- d) No Agency. The parties are independent contractors and will have no power or authority to assume or create any obligation or responsibility on behalf of each other. This Agreement will not be construed to create or imply any partnership, agency or joint venture.
- e) Force Majeure. Any delay in or failure of performance by either party under this Agreement will not be considered a breach of this Agreement and will be

excused to the extent caused by any occurrence beyond the reasonable control of such party including, but not limited to, acts of God, power outages and governmental restrictions.

- f) Severability. In the event that any of the provisions of this Agreement are held by to be unenforceable by a court or arbitrator, the remaining portions of the Agreement will remain in full force and effect.
- g) Entire Agreement. This Agreement is the complete and exclusive agreement between the parties with respect to the subject matter hereof, superseding any prior agreements and communications (both written and oral) regarding such subject matter. This Agreement may only be modified, or any rights under it waived, by a written document executed by both parties.

Auto-By-Tel

Excite, Inc.

By: /s/ Mark W. Lorimer

By: /s/ Robert C. Hood

Name: Mark W. Lorimer

Name: Robert C. Hood

Title:

Title: EVP - CFO

Autobytel.Europe LLC

AMENDED AND RESTATED
OPERATING AGREEMENT

Dated as of January 6, 2000

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 AMENDED AND RESTATED
 OPERATING AGREEMENT

THIS AMENDED AND RESTATED OPERATING AGREEMENT (this "Agreement") is dated as of January 6, 2000 by and among Autobytel.Europe LLC, a Delaware limited liability company (the "COMPANY"), autobytel.com inc., a Delaware company ("ABT"), GE Capital Equity Holdings, Inc., a Delaware corporation ("GE"), Inchcape Overseas Investments B.V., a Netherlands corporation ("INCHCAPE"), Pon Holdings B.V., a Netherlands corporation ("PON") and any other Person who shall execute this Agreement or a counterpart thereof and become a Member (as defined below) on and after the date hereof.

RECITALS

WHEREAS, on or about August 28, 1997, a Certificate of Formation was filed for the Company with the office of the Secretary of State of the State of Delaware under the name Auto-By-Tel International LLC.

WHEREAS, on or about March 8, 1999, the name of the Company was changed to Autobytel.Europe LLC by filing with the Secretary of State of the State of Delaware an amendment to the Certificate of Formation.

WHEREAS, the parties desire to enter into an agreement with respect to the management of the Company, the transfer or other disposition of the Units (as defined below) by any of the Members and certain other matters.

NOW, THEREFORE, in consideration of the mutual premises, agreements and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending legally to be bound, hereby agree as follows:

TERMS OF AGREEMENT

I. DEFINITIONS

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The following terms when used in this Agreement, including its preamble and recitals, shall have the following meanings, such meanings to be equally applicable to the singular and plural forms thereof:

1.1 "ABT CONTRIBUTION" shall have the meaning ascribed to such term in footnote 1 to Schedule A.

1.2 "ACT" shall mean the Limited Liability Company Act, Delaware Code Annotated, Title 6, Sections 18-101 et seq., as from time to time amended.

1.3 "ADJUSTED CAPITAL ACCOUNT DEFICIT" shall mean, with respect to any Member for any Fiscal Year, the deficit balance, if any, in such Member's Capital Account as of the end of such Fiscal Year after giving effect to the following adjustments: (a) crediting to such Capital Account any amounts that such Member is obligated to restore as described in the penultimate sentences of Treasury Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5) and (b) debiting to such Capital Account the items described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition of "Adjusted Capital Account Deficit" is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

1.4 "AFFILIATE" shall mean, with respect to any Person, any Person that, directly or indirectly, controls, is controlled by, or is under common control with, such Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of (i) the power to direct or cause the direction of the management and policies of such Person, whether through the

ownership of voting securities, by contract or otherwise, and (ii) more than 50% of the equity interest entitled to vote for the election of directors or equivalent governing body.

1.5 "AGREEMENT" shall have the meaning ascribed to such term in the preamble hereto.

1.6 "ASSETS" shall mean any real, personal or other property, whether tangible or intangible, acquired or owned by the Company at any time.

1.7 "AUTHORIZED PERSON" shall mean and refer to an authorized agent of the Members, who is authorized under this Agreement to form the Company under and pursuant to the Act by filing the Certificate on behalf of the Members and to be an "authorized person" within the meaning of the Act, with the authority upon approval by the managers to execute, deliver and file any certificates (and amendments and restatements thereof) with the Delaware Secretary of State.

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1.8 "BUSINESS" shall mean any electronic commerce relating to any automotive-related product or service including, without limitation, the sale or lease of any new or used vehicle, any related financing, insurance or warranty product or service, and any after-market product or service.

1.9 "BUSINESS DAY" shall mean any day except Saturday, Sunday or other day on which commercial banks located in California are authorized by law to be closed for business.

1.10 "CAPITAL ACCOUNT" shall mean, with respect to each Member, the account established for such Member on the books of the Company which shall be (a) increased by (i) the total amount of money and Fair Market Value of property contributed to the Company by such Member, and (ii) the amount of Company income and gain attributable to and allocated to such Member pursuant to this Agreement, and (b) decreased by (i) the amount of cash and the Fair Market Value of property distributed by the Company to such Member (net of any liability secured by such property that the Member is considered to assume or take subject to pursuant to Section 752 of the Code) pursuant to Articles IX and XIV hereof, and (ii) the amount of Company losses and deductions allocated to such Member pursuant to this Agreement. Each Member's Capital Account shall be maintained and adjusted in accordance with Treasury Regulation Sections 1.704-1(b) and 1.704-2.

1.11 "CAPITAL CONTRIBUTION" shall mean, with respect to any Member, a contribution to the capital (whether in cash or otherwise) of the Company made by such Member.

1.12 "CERTIFICATE" shall mean that certain Certificate of Formation of the Company filed with the Office of the Secretary of State of the State of Delaware, as the same may be amended from time to time.

1.13 "CODE" shall mean the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

1.14 "COMPANY" shall have the meaning ascribed to such term in the recitals hereto.

1.15 "EXPIRATION DATE" shall mean the first to occur of (i) the effective date of an IPO or (ii) excluding the sale and issuance by the Company of Units prior to January 31, 2000, the effective date of any transaction, which when aggregated with all other transactions, results in a sale, exchange or other transfer of more than fifty (50%) percent of the Units for shares or other interests in a publicly-traded entity that is not an Affiliate of any Member.

1.16 "FAIR MARKET VALUE" shall mean the commercially reasonable value as determined by the board of managers and confirmed by independent appraisal performed by an investment banking firm with international expertise and reputation selected by ABT and consented

to by the Members holding at least fifty (50%) percent of the total Non-ABT Units, which consent shall not be unreasonably withheld.

1.17 "FISCAL YEAR" shall mean the twelve (12) month period ending December 31.

1.18 "IPO" shall mean a public offering, which when aggregated with all prior public offerings, constitutes an offering registered under the Securities Act or other foreign securities laws of more than twenty (20%) percent of the Units, excluding any registration of securities offered pursuant to any employee benefit plan.

1.19 "MAJORITY IN INTEREST" shall mean any Member or group of Members holding an aggregate of more than 50% of the total number of Units outstanding.

1.20 "MEMBERS" shall mean GE, Inchcape, Pon, ABT and each Person hereafter admitted to the Company as a Member as provided in this Agreement.

1.21 "MEMBER NONRECOURSE DEBT" shall have the meaning set forth in Treasury Regulation Section 1.704-2(b) (4).

1.22 "MEMBER NONRECOURSE DEBT MINIMUM GAIN" shall mean an amount, with respect to each Member Nonrecourse Debt, equal to Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a nonrecourse liability, determined in accordance with Treasury Regulation Section 1.704-2(i) (3).

1.23 "MEMBER NONRECOURSE DEDUCTIONS" shall have the meaning set forth in Treasury Regulation Section 1.704-2(i).

1.24 "NASDAQ" shall mean the Nasdaq National Market System.

1.25 "NOC" shall mean any business operating in Europe which licenses or sublicenses ABT's brand name, technology or business methodologies and know-how.

1.26 "NON-ABT UNITS" shall mean Units owned or controlled by Persons other than ABT or its Affiliates.

1.27 "OBSERVER" shall have the meaning ascribed to such term in Section 4.1 hereof.

1.28 "ORIGINAL ELIGIBLE OWNER" shall mean each Member, other than ABT, who becomes a Member and owns at least 10,000 Units of the Company on January 31, 2000.

1.29 "OWNERSHIP PERCENTAGE" shall mean, as to each Member, such Member's allocable share of all income, gains, losses, deductions and credits of the Company as set forth on SCHEDULE A hereto, as may be amended from time to time hereafter.

1.30 "PERSON" shall mean and include an individual, a corporation, a limited liability company, an association, a partnership, a joint venture, a trust or estate, a government or any department or agency thereof, or any other entity or governmental body.

1.31 "PROFIT OR LOSS" shall mean, for each Fiscal Year or portion thereof, an amount equal to the Company's taxable income or loss for such Fiscal Year or portion thereof, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss, deduction or credit required to be stated separately pursuant to Section 703(a) (1) of the Code shall be included in taxable income or loss) with the following adjustments:

(a) any income of the Company that is attributable to an Asset and is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" or "Losses" shall be added to such taxable income or loss;

(b) any expenditures of the Company that are described in Section 705(a)(2)(B) of the Code or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account computing Profits or Losses pursuant to this definition of "Profits" or "Losses," shall be subtracted from such taxable income or loss;

(c) gain or loss resulting from any disposition of an Asset with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the accounting book basis of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its accounting book basis;

(d) any increase or decrease to Assets as a result of any adjustment to the accounting book basis of Company assets pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(f) shall be added to or subtracted from, as the case may be, such taxable income or loss;

(e) in lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account depreciation for such Fiscal Year or portion thereof, computed in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g), if applicable; and

(f) any items specially allocated pursuant to Sections 10.2(b) and 10.3 hereof shall not be considered in determining Profit or Loss.

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If such Profit or Loss as calculated hereby is a positive number, it shall sometimes be referred to herein as "Profit," and if such Profit or Loss as calculated hereby is a negative number, it shall sometimes be referred to herein as "Loss."

1.32 "SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

1.33 "TAX MATTERS PARTNER" shall have the meaning ascribed to such term in SECTION 11.4 hereof.

1.34 "TREASURY REGULATIONS" shall mean the income tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

1.35 "UNITS" shall mean equal units of the entire ownership interest of all Members of the Company, and all rights and liabilities associated therewith, at any particular time, including, without limitation, rights to distributions (liquidating or otherwise), allocations, information, and consent or approval.

II. THE COMPANY

2.1 FORMATION OF THE COMPANY. ABT, as the initial Member, has authorized the Authorized Person to act as organizer and to form the Company under and pursuant to the Act by filing the Certificate on behalf of the Members. This Agreement is subject to, and governed by, the Act and the Certificate. In the event of a direct conflict between the provisions of this Agreement and either the mandatory provisions of the Act or the Certificate, such mandatory provisions of the Act or the Certificate (as the case may be) will be controlling.

2.2 COMPANY NAME AND OFFICE. The name of the Company shall be "Autobytel.Europe LLC." The Company shall maintain a registered office in Delaware, and the name and address of the Company's registered agent in Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801. Such office and such agent may be changed from time to time by the board

of managers. If the registered agent is changed, the Certificate shall be amended to reflect such change. The principal office of the Company is currently located at 18872 MacArthur Boulevard, Irvine, California 92612, but may be relocated to a different address by the board of managers. The Company may maintain such additional offices as may be designated from time to time by the board of managers for the purpose of carrying out the business of the Company.

2.3 PURPOSES OF THE COMPANY. The purpose of the Company shall be to engage in all lawful activities (including, without limitation, entering into, exercising the rights and enjoying the benefits of the Company under, and discharging the obligations of the Company under, all lawful

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contracts, agreements and documents) that may be necessary, appropriate, advisable or convenient to the Company.

2.4 TERM OF THE COMPANY. The term of the Company commenced on the date of the filing of the Certificate as required by Section 18-201 of the Act and shall continue in existence until the dissolution (and subsequent termination of the Company after the winding up of its affairs) as provided in this Agreement.

2.5 TITLE TO PROPERTY. Legal title to all Assets of the Company shall be taken and at all times held in the name of the Company or any subsidiary thereof. Attached hereto as Exhibit 1 is an Intercompany Software License Agreement (the "LICENSE AGREEMENT"), between the Company and ABT dated January 6, 2000.

III. CAPITAL CONTRIBUTIONS

3.1 INITIAL CAPITAL CONTRIBUTION On or prior to the date hereof, each Member shall have contributed or cause to be contributed to the Company the assets specified on Schedule A in exchange for a proportionate share of Units. No interest shall be paid by the Company on any Capital Contribution. No Member shall be entitled to withdraw from the Company, or demand the return of any part of its Capital Contribution or any balance in its Capital Account, or to receive any distribution, except in accordance with the terms of this Agreement.

3.2 NO FURTHER CONTRIBUTIONS OR LOANS. The liability of the Members to the Company, in their capacity as Members, is limited to their initial Capital Contributions made to the Company. Such initial Capital Contributions constitute the only funds that the Members are required to furnish to the Company, whether by way of contribution of capital, loan, or otherwise. Unless agreed to by a Majority in Interest, the Members may not make any additional Capital Contributions to the Company.

3.3 DILUTION. The initial Ownership Percentage of the Members is set forth on Schedule A hereto. Upon (i) the admission of a new Member to the Company, or (ii) the making of additional Capital Contributions to the Company by an existing Member, the Ownership Percentages set forth on Schedule A hereto shall be adjusted to reflect any decrease or increase in such Ownership Percentages caused by such events.

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IV. VOTING AGREEMENT

4.1 BOARD OF MANAGERS OF THE COMPANY.

(a) Prior to the Expiration Date, the board of managers shall be constituted as follows:

(i) ABT, so long as it, with its Affiliates, owns (x) a Majority in Interest or (y) at least twice the number of Units held by any other Member and at least thirty-three and one-third percent (33 1/3%) of all Units, shall appoint that number of persons equal to one (1) more than a

majority of the managers of the Company at any given time;

(ii) each Original Eligible Owner shall appoint one person as a manager of the Company; and

(iii) the Chief Executive Officer of the Company shall serve as a manager of the Company. Initially, ABT will appoint Robert Grimes, Mark Lorimer, Joshua McCarter, Ariel Amir and another individual as managers, GE and Inchcape will each appoint an individual as a manager. Mark Lorimer will serve initially as chairman of the board of managers.

Notwithstanding the foregoing:

(i) each Original Eligible Owner shall have the option to appoint an observer ("Observer") in lieu of a manager who shall have the right to receive all notices, information and other materials provided to the board of managers and to participate in meetings of the board of managers, but shall not have the right to vote on any matter as a manager;

(ii) the board of managers may revoke any Original Eligible Owner's right to appoint a manager if such Member sells (other than to an Affiliate thereof) more than 50% of the Units such Member was issued; provided however, that the board of managers may not revoke the right of any Original Eligible Owner that invested more than \$15 million to appoint a manager unless and until such Member sells more than 67% of the Units such Member was issued; and

(iii) by unanimous vote of the managers appointed by ABT and the Original Eligible Owners, the board of managers may increase the number of managers on the board beyond the number provided in the foregoing sentence and appoint managers to fill the new positions.

(b) The presence, in person or by proxy, of a majority of the managers shall constitute a quorum for the transaction of business by the board of managers. At a meeting of

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the managers in which a quorum is present, the affirmative vote of a majority of the managers present at the meeting, in person or by proxy, shall constitute a valid decision of the board of managers.

(c) Except as provided in Section 4.1(d), the written consent or vote of a majority of both (i) the ABT appointed managers and (ii) the holders of Non-ABT Units (with each of clauses (i) and (ii) voting separately) will be required for any decision with respect to:

(i) a material change to, or the Company's termination of, the License Agreement;

(ii) the issuance of new Units of the Company if such issuance would dilute the value of the Units (or other equity interests) of any Member other than ABT or would create Units with rights that are superior in any material respect to the rights of the Units of any existing Member;

(iii) the payment of any dividend or a change in any dividend policy that results in any dividend being paid other than on a pro rata basis;

(iv) any investment in a NOC in an amount greater than \$5 million in United States dollars;

(v) any expense greater than \$200,000 in United States dollars, other than an investment in a NOC or an expense for which an NOC is obligated to reimburse the Company, where such expense aggregated with other non-reimbursed expenses for that calendar year in that expense category exceeds one hundred twenty-five (125%) of the annual budget for that expense category previously approved by the board of managers;

(vi) any loan in an amount greater than ten (10%) percent of the Company's gross revenues for the preceding twelve (12)

months;

(vii) any offering of Units pursuant to a registration statement under the Securities Act of 1933 or the securities laws of any jurisdiction in the European Community;

(viii) a sale or other disposition of (a) all or substantially all of the assets of the Company or (b) a portion of the assets of the Company at a price greater than \$20 million in United States dollars;

(ix) a consolidation, reorganization or merger of the Company with any other entity which would result in the Members immediately prior to such consolidation, reorganization or merger owning less than 50% of the resulting entity;

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(x) any other transaction between ABT or any of its Affiliates controlled by ABT, other than Affiliates controlled by the Company, and the Company, exclusive of the License Agreement, provided that the vote of non-ABT appointed managers with regard to such transactions not be unreasonably withheld; or

(xi) engaging in any business outside the scope of the Business.

(d) Notwithstanding Section 4.1(c), the written consent or vote of neither a majority of the ABT appointed managers, nor the holders of Non-ABT Units, will be required for any decision concerning the Company's acquisition of all or substantially all of the business of, or merger with, Auto-By-Tel AB, a Swedish corporation ("ABT AB"), provided, that (i) such transaction is completed in the calendar year 2000, (ii) ABT AB has at least \$4.0 million in cash and \$4.0 million in shareholders' equity on the closing date of such transaction and (iii) no more than 16,500 Units are issued to ABT AB as consideration for such acquisition or merger.

(e) Notwithstanding Section 4.1(b), any action by the board of managers concerning the enforcement of a contract between the Company and ABT shall be decided by a vote of a majority of the non-ABT appointed managers.

4.2 MEMBER VOTING. The presence, in person or by proxy, of a Majority in Interest shall constitute a quorum for the transaction of business by the Members. Except as otherwise stated in this Agreement, the affirmative vote or written consent of a Majority in Interest shall constitute a valid decision of the Members.

4.3 VACANCIES/REMOVALS. Each Member shall have the right to remove from the board of managers of the Company, with or without cause, any person or persons appointed solely by such Member as a manager.

4.4 NO VOTING OR CONFLICTING AGREEMENTS. Each Member agrees that it will not and will not permit any Affiliate to grant any proxy or enter into or agree to be bound by any voting trust with respect to its Units or to enter into any member agreements or arrangements of any kind with any Person with respect to its Units in any such case in a manner that is inconsistent with the provisions of this Agreement.

4.5 ACTIONS CONSISTENT WITH AGREEMENT. The managers and Members shall not take any action inconsistent with the provisions of this Agreement.

4.6 AMENDMENTS TO ORGANIZATIONAL DOCUMENTS. Except as provided in Section 4.1(c) (ii) hereof, each Member agrees to vote all of its Units in favor of amending or changing this Agreement or the Certificate as may be required, in the opinion of the board of managers, to consummate an initial public offering.

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4.7 EXPIRATION OF RIGHTS. On and after the Expiration Date, Sections 4.1(a) and (c), 4.4 and 4.6 shall expire and be of no further force and effect and the Members shall elect not less than seven persons to serve as the board of managers.

V. MANAGEMENT AND OPERATIONS OF THE COMPANY

5.1 MANAGEMENT GENERALLY. Subject to the provisions of this Agreement and the Act, the business and affairs of the Company shall be managed under the sole direction of the board of managers. All powers of the Company may be exercised by the board of managers, except as conferred on or reserved to the Members by the Act or this Agreement. The board of managers shall not, except by a vote of Majority in Interest, take any action on behalf of or in the name of the Company or enter into any commitment or obligation binding upon the Company, except for actions authorized under or within the scope of the authority granted to the board of managers pursuant to this Agreement and the Act.

5.2 MEETINGS OF THE BOARD OF MANAGERS. Meetings of the board of managers shall be held quarterly or at such other time as the board of managers may determine by vote of a majority of the managers. Meetings shall be held at the principal place of business of the Company or at such other place as may be designated in the notice or waivers of notice of such meeting as determined by the board of managers. Notice of any meeting of the board of managers shall be given no fewer than ten (10) Business Days and no more than twenty (20) Business Days prior to the date of the meeting. The attendance of a manager at any meeting shall constitute a waiver of notice of such meeting, except where a manager attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Unless specifically prohibited by the Certificate or the Act, any action required to be taken at a meeting of the board of managers, or any other action which may be taken at a meeting of the board of managers, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by (i) the managers having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting if five (5) days prior written notice of action to be taken by written consent was delivered to all members of the board of managers or (ii) by all members of the board of managers. Any such consent signed by the managers having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting shall have the same effect as if such action had been taken at a duly called meeting of the managers and may be stated as such in any document filed with the Secretary of State of the State of Delaware or with anyone else. Any manager may participate in and act at any meeting through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear and speak with each other.

5.3 POWERS OF THE BOARD OF MANAGERS. Without in any way limiting the generality of the foregoing, but subject to the express provisions of this Agreement, the board of managers shall

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have, on behalf of the Company, all rights and powers that may be possessed by a manager under the Act, to the extent granted by this Agreement, to manage and administer the Company in accordance with the terms of this Agreement and to perform all acts which it may, in its sole discretion, deem necessary or desirable, including, but not limited to, the power to:

(a) Carry out all of the transactions contemplated hereunder.

(b) Perform all acts, exercise all rights, and make all decisions for and on behalf of the Company required or permitted to be taken by the Company.

(c) Acquire, manage and dispose of any and all property, real or personal, whether tangible or intangible, on behalf of the Company, including through foreclosure or otherwise.

(d) Borrow money on behalf of the Company from any Person (including, without limitation, from any Member or any Affiliate of any Member) or cause the Company to lend money to any Person (including, without limitation, to any Member or any Affiliate of any Member), and sell, assign, exchange, transfer, pledge, grant a security interest in, or otherwise encumber or dispose of, any and all of the Assets of any nature whatsoever.

(e) Compromise, arbitrate or otherwise adjust claims in favor of or against the Company and initiate, prosecute and defend any litigation relating to any Company business.

(f) Employ, engage, or subcontract with attorneys, accountants, bookkeepers, underwriters, escrow agents, depositories, agents for collection, banks, builders, and any other service provider as the board of managers may determine to be appropriate, and to terminate the services of any such entities, all at such time or times as the board of managers may determine.

(g) Negotiate, execute, deliver and perform any and all contracts and other documents on behalf of the Company, including, but not limited to, promissory notes, security agreements, contracts of purchase and sale, deeds and assignments, and to take any and all other action, as the board of managers deems appropriate, to effectuate any such transaction.

(h) Acquire and enter into any contract of insurance for the Company that the board of managers deems necessary and proper for the protection of the Company, either for the conservation of its Assets or for any purpose convenient or beneficial to the Company.

(i) With reasonable notice and at a mutually agreed time during regular business hours, to examine the Company's financial records, including any NOC financial records in the possession of the Company, and discuss the Company's accounting practices with its independent public accountants.

5.4 DUTIES AND OBLIGATIONS OF THE BOARD OF MANAGERS.

(a) The board of managers shall take all reasonable action that may be necessary or appropriate for the continuation of the Company's valid existence as a limited liability company under the laws of the State of Delaware and of each other jurisdiction in which such existence is necessary to protect the limited liability of the Members or to enable the Company to conduct the business in which it is engaged.

(b) The board of managers shall use its best efforts to at all times conduct the affairs of the Company and its Affiliates in such a manner that the Members shall limit their liability with respect to any Company liability or obligation to their respective Capital Contributions.

5.5 NO COMPENSATION FOR THE BOARD OF MANAGERS. No manager shall receive from the Company any cash or other compensation for the services he/she shall provide to the Company for his/her services as manager under this Agreement.

5.6 REIMBURSEMENT OF EXPENSES. Notwithstanding SECTION 5.5 above, each manager shall be entitled to reimbursement from the Company for the reasonable expenses that he/she pays for or incurs directly on behalf of the Company in his/her role as a manager.

5.7 OFFICERS. The officers of the Company shall consist of Robert S. Grimes as President, Ariel Amir as Secretary, a Chief Executive Officer to be appointed by the board of managers and such other officers as may be designated by the board of managers. The officers shall be appointed by, and shall exercise such powers and perform such duties as are prescribed by, the board of managers. Each officer shall hold office for the term for which he or she is appointed and until his or her successors are elected and qualified. The Company may compensate each officer for such officer's services in such amounts as are determined by the board of managers in its sole and absolute discretion. The board of managers may remove any officer at any time, with or without cause.

VI. POWERS AND WARRANTIES OF THE MEMBERS;
ADMISSION OF NEW MEMBERS

6.1 POWERS OF THE MEMBERS. Except as expressly provided in this Agreement, the Members shall take no part in the management of the business or transact any business for the Company and shall have no power to sign for or bind the Company solely in their capacity as Members; provided, however, that the Members shall have the approval and consent rights provided under the Act and this Agreement.

6.2 MEETINGS OF MEMBERS. A meeting of the Members may be called by (i) the holders of at least thirty-three percent (33%) of the Units, except as otherwise provided by the Act,

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(ii) a majority of the managers, (iii) the President of the Company or (iv) two (2) or more Original Eligible Owners who in the aggregate own at least twenty (20%) percent of the Units. Meetings shall be held at the principal place of business of the Company or at such other place as may be designated in the notice or waivers of notice of such meeting as determined by the Members. Notice of any meeting of the Members shall be given no fewer than ten (10) Business Days and no more than twenty (20) Business Days prior to the date of the meeting. The attendance of any Member at any meeting shall constitute a waiver of notice of such meeting, except where such Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Unless specifically prohibited by the Certificate or the Act, any action required to be taken at a meeting of the Members, or any other action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by (i) holders of Units having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which the holders of all the Interests were present and voting if five (5) days prior written notice of action to be taken was delivered to all Members or (ii) by all of the Members. Any such consent shall have the same effect as if such action had been taken at a duly called meeting of the Members and may be stated as such in any document filed with the Secretary of State of the State of Delaware or with anyone else. Any Member may participate in and act at any meeting through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other.

6.3 EXAMINATION OF COMPANY RECORDS. Each Member or its representative may, during regular business hours, examine and copy (at such Member's expense) the minutes of the meetings of Members or the board of managers and the list of Members (where such records are maintained) of the Company.

6.4 ADMISSION OF NEW MEMBERS. Except as provided in Section 4.1(b)(ii) hereof, the Company, with the approval of the board of managers may, admit additional Persons to the Company as Members from time to time and create and sell and issue Units to those Persons without approval of the existing Members. Any new Member, prior to its admission as a Member, shall be required to execute this Agreement or a counterpart to this Agreement, which evidences such new Member's agreement to be bound to the terms and conditions of this Agreement.

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VII. RIGHTS AND RESTRICTIONS ON TRANSFERS BY THE MEMBERS

7.1 RESTRICTIONS ON TRANSFERS GENERALLY. Each Member hereby agrees that such Member shall not, and shall not permit any of its Affiliates to, directly or indirectly, sell, transfer or otherwise dispose of all or any part of its Units except: (i) pursuant to the terms and conditions of this Article VII; (ii) pursuant to an exemption from registration under the Securities Act and any state securities or blue sky laws; (iii) if the

transferee agrees in writing to be bound by the terms hereof and be deemed to be a Member under this Agreement; (iv) after the third anniversary of the date of this Agreement, provided, however, that prior thereto a Member may transfer all or any part of its Units by offering its Units to each other Member on a pro-rata basis, based on the percentage of Units owned by each Member electing to participate in the purchase of such Units; and (v) if to any Person or Affiliate of any Person that is in competition with ABT, the Company or any Affiliate of ABT or the Company, with the written consent of ABT.

7.2 RIGHT OF FIRST OFFER.

(a) If a Member desires to sell, transfer or otherwise dispose of any of its Units (other than to an Affiliate thereof), the Member (the "SELLER") shall first deliver a written notice to each other Member of such proposed sale, transfer or other disposition (the "FIRST OFFER NOTICE"). The First Offer Notice shall contain (i) the proposed purchase price, (ii) the number of Units proposed to be sold or transferred and (iii) the terms of payment and other material terms and conditions of the Seller's offer.

(b) Each Member shall have the right, exercisable upon written notice to the Seller within fifteen (15) days after receipt of the First Offer Notice, to either: (i) purchase, on the terms and conditions as set forth in the First Offer Notice all, but not less than all, of the Units that is the subject of the First Offer Notice on a pro rata basis based on the percentage of Units owned by each Member electing to participate in the right of first offer (the "FIRST PURCHASE RIGHT") or (ii) notify the Seller in writing of a price per share (the "MEMBER STATED PRICE") at which such Member would be willing to purchase the number of Units specified in the First Offer Notice on the terms and conditions as set forth in the First Offer Notice other than price (the "ALTERNATIVE MEMBER OFFER") at the Member Stated Price included in such Alternative Member Offer. Each Member electing to exercise the First Purchase Right shall notify the Seller in writing of such election (the "NOTICE OF FIRST OFFER ACCEPTANCE") and shall complete the First Purchase Right within sixty (60) days after delivery of the Notice of First Offer Acceptance.

(c) If no Member elects to exercise the First Purchase Right pursuant to Section 7.2(b) above, the Seller may, not later than one hundred twenty (120) days following the expiration of the Members' First Purchase Rights, transfer the Units that were the subject of the First Offer

Notice on substantially the same terms and conditions as those described in the First Offer Notice other than price to either (i) the Member that delivered the Alternative Member Offer with the highest Member Stated Price (an "ALTERNATIVE MEMBER OFFER SALE") at the Member Stated Price included in such Alternative Member Offer or (ii) to a third party at a price per share that is at least ten percent (10%) greater than the highest Member Stated Price, if any (a "PERMITTED THIRD PARTY SALE"); provided, however, that ABT and its Affiliates must also comply with the terms of Section 7.3 before transferring Units pursuant to a Permitted Third Party Sale. Any proposed transfer on terms and conditions materially different or at a lower price than one hundred ten percent (110%) of the highest Member Stated Price, as well as any proposed transfer more than one hundred twenty (120) days following the expiration of the First Purchase Right, shall again be subject to the First Purchase Right of the other Members as set forth in this Section 7.2 and shall require compliance with the procedures as described in this Section 7.2.

7.3 TAG ALONG RIGHT.

(a) If a Permitted Third Party Sale would cause ABT and its Affiliates (the "SELLING MEMBER") collectively to own less than a Majority in Interest, then prior to transferring such Units pursuant to such Permitted Third Party Sale, the Selling Member shall notify each other Member in writing (the "TAG ALONG NOTICE") of such proposed transfer identifying (i) the name and address of the proposed buyer and (ii) the proposed purchase price, the terms of payment and other material terms and conditions of the proposed buyer's offer. Within fifteen (15) days of receipt of a Tag Along Notice, each Member shall notify (the "TAG ALONG ELECTION NOTICE") the Selling Member if it elects to participate in such transfer (the "TAG ALONG RIGHT") and shall state the number

of its Units that such Member desires to sell. Each Member electing to participate in the Tag Along Right (a "TAG ALONG MEMBER") may elect to sell up to such number of Units as is equal to the total number of Units held by such Tag Along Member multiplied by a fraction, the numerator of which shall be the number of Units proposed to be sold by such Selling Member and the denominator of which shall be the aggregate number of Units held by such Selling Member. Each Tag Along Member shall have the right and be obligated to (i) sell to the proposed buyer, at the same price and on the same terms as the Selling Member, the number of Units stated in its Tag Along Election Notice and (ii) enter into a purchase agreement substantially similar in form and substance to the purchase agreement the Selling Member executes. The number of Units that the Selling Member may sell will be reduced by the number of Units sold by the Tag Along Members.

(b) In the event that the proposed buyer does not purchase the portion of the Units that the Tag Along Member elects to sell pursuant to the foregoing on the same terms and conditions as the Units purchased from the Selling Member, then the Selling Member shall not be permitted to sell any Units to the proposed buyer. If no Tag Along Election Notice is received within fifteen (15) days of the receipt of the Tag Along Notice, the Selling Member shall have the right for a period of one hundred twenty (120) days thereafter to transfer the Units to the proposed buyer on terms and conditions no more favorable to the Selling Member than those stated in the Tag Along Notice.

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7.4 DRAG ALONG RIGHT.

(a) If ABT and its Affiliates propose to sell in a bona fide arm's length Permitted Third Party Sale or an Alternative Member Offer Sale all Units collectively owned by ABT and its Affiliates (the "TRANSFERRING MEMBER") to any Person or Persons who are not Affiliates of ABT and in which ABT does not have a five (5%) percent or greater equity interest in (the "PROPOSED TRANSFEREE"), the Transferring Member shall have the right (the "DRAG ALONG RIGHT"), subject to applicable law and compliance with any other restrictions applicable to such transfer, to require all Members to sell all Units then held by the other Members to the Proposed Transferee, on the same terms and conditions as are applicable to the Transferring Member.

(b) The Drag Along Right may be exercised only after the third anniversary of this Agreement, and if prior to the Expiration Date, only with the written consent of a majority of Non-ABT Units.

(c) To exercise a Drag Along Right, the Transferring Member shall give each Member (each, a "DRAG ALONG MEMBER"), at least fifteen (15) days prior to the proposed transfer to the Proposed Transferee, a written notice (the "DRAG ALONG NOTICE") containing (i) the name and address of the Proposed Transferee and (ii) the proposed purchase price, the terms of payment and other material terms and conditions of the Proposed Transferee's offer. Each Drag Along Member shall thereafter be obligated to (i) sell to the Proposed Transferee all Units owned by such Drag Along Member and (ii) enter into a purchase agreement on the same economic terms and substantially similar in form and substance to the purchase agreement the Transferring Member executes; provided, however, that in no event shall the purchase agreement provide for an indemnity payable by a Drag Along Member greater than the proceeds received by that Drag Along Member from the Proposed Transferee. If the sale is not consummated within a period of one hundred twenty (120) days following the date of the Drag Along Notice, then each Drag Along Member shall no longer be obligated to sell such Member's Units pursuant to such Drag Along Right but shall remain subject to the provisions of this Section 7.4 with respect to any subsequent proposed transfer described in this Section 7.4.

7.5 TRANSFERS TO AFFILIATES. Notwithstanding anything to the contrary contained in this ARTICLE VII, any Member ("TRANSFEROR") may transfer any or all of its Units to an Affiliate (each a "PERMITTED TRANSFEREE"), provided, however, that in each case such transfer shall be subject to the Transferor and Permitted Transferee agreeing in writing, for the benefit of the Company and the other Members (who shall be third party beneficiaries of such agreement) that the Transferor will repurchase such Units in the event such Permitted Transferee ceases to be an Affiliate; and provided, further, that the

Permitted Transferee may only transfer its Units to the Transferor from whom it received such Units or any of such Transferor's Permitted Transferees or otherwise in accordance with the terms hereof.

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7.6 TRANSFER BY ABT TO PON. Notwithstanding anything to the contrary contained in this ARTICLE VII, ABT may transfer up to 1,300 Units to Pon within six (6) months after the date of this Agreement.

7.7 TRANSFEREES SUBJECT TO AGREEMENT. Any transferor of any Units shall, as a condition of the consummation of such transfer, sale or other disposition, require the transferee to agree in writing to be subject to and bound by the terms of this Agreement as a Member under this Agreement (it being understood that the transferee shall be subject to the obligations of the transferor but shall not be entitled to the rights of the transferor unless the transferor expressly assigns such rights and, with respect to which, if assigned, the transferor shall cease to be entitled, to the extent of such assignment). Any transfer made in violation of this Section 7.7 shall be null and void.

7.8 EXCHANGE RIGHTS.

(a) ABT shall have the right to exchange shares of its common stock or pay cash, or any combination thereof, for all or any portion of the Units held by any Member that is not an Original Eligible Owner (the "EXCHANGE RIGHTS"); provided, however, that within one hundred twenty (120) days of the Exchange Rights Notice (as defined below), ABT shall file a registration statement with the United States Securities and Exchange Commission (the "SEC") to register under the Securities Act any ABT common stock that has been exchanged pursuant to this Section 7.8. The Company will use its commercially reasonable best efforts to have such registration statement declared effective by the SEC as soon thereafter as possible. The Exchange Rights may be exercised multiple times with respect to the Units of one or more Members, but may not be exercised prior to the second anniversary date of the effective date of this Agreement.

(b) To exercise any Exchange Rights, ABT shall give the relevant Member (each an "EXCHANGE RIGHTS MEMBER") a written notice of ABT's exercise of the Exchange Rights (the "EXCHANGE RIGHTS NOTICE") stating (i) the Fair Market Value of the Units of the Exchange Rights and (ii) the number of shares of ABT common stock and/or the amount of cash to be paid. The value of ABT common stock shall be based on the ten (10) day average price of ABT common stock as quoted on NASDAQ immediately prior to the date of delivery of the Exchange Rights Notice.

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7.9 PARTICIPATION RIGHTS.

(a) Except with respect to (i) a registration relating solely to employee benefit plans, (ii) a registration relating solely to a transaction pursuant to Rule 145 of the Securities Act, or (iii) an initial public offering, if at any time the Company determines to register under the Securities Act any of its Units in an offering in the United States or any jurisdiction in Europe and if at such time any Member is not able to transfer or sell its Units without registration by the Company due to restrictions placed on such transfer or sale by the securities laws of that jurisdiction (a "Restricted Member"), the Company will:

(i) give each Restricted Member 20 days prior written notice of such registration (a "Registration Notice"); and

(ii) include in such registration (and any related qualification under blue sky laws or other compliance requirement), and in any underwriting involved therein, all the Units specified in a written request received by the Company within 15 days after the Company's delivery of

the Registration Notice.

(b) If the registration of which the Company gives notice is for an offering involving an underwriting, the Company shall so advise the Restricted Members as part of the Registration Notice. In such event, the right of any Restricted Member to participate in the registration will be conditioned upon the Restricted Member's participation in such underwriting and the inclusion of such Restricted Member's Units in the underwriting to the extent provided herein. All Restricted Members proposing to distribute their securities through such underwriting shall (together with the Company) enter into an underwriting agreement in customary form with the managing underwriter selected by the Company; provided, however, that in no event shall the underwriting agreement provide for an indemnity payable by a Restricted Member greater than the proceeds received by that Restricted Member from the offering.

(c) Notwithstanding any other provision of this Section 7.9, if the managing underwriter determines that marketing factors require limitation of the number of Units to be underwritten, the managing underwriter may exclude some or all Units requested to be included in such registration by the Restricted Members. In the event the managing underwriter determines to exclude some or all Units, the number of Units held by Restricted Members that may be included in the registration and underwriting shall be allocated among all Restricted Members who have requested to be included in the registration in proportion, as nearly as practicable, to the respective amounts of Units held by all such requesting Restricted Members at the time of the registration.

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7.10 PREEMPTIVE RIGHTS.

(a) If at any time the Company determines to issue additional Units (or other equity interests) in the Company, exclusive of the Company's issuance to Pon of up to six thousand seven hundred (6,700) Units at no less than ONE THOUSAND DOLLARS (\$1,000) per Unit on or prior to January 31, 2000, to any Member (the "PURCHASING MEMBER") it shall deliver a written notice to each other Member of such proposed issuance (the "PREEMPTIVE NOTICE"). The Preemptive Notice shall contain (i) the proposed issuance price, (ii) the total number of Units proposed to be issued, (iii) the identity of the Purchasing Member, and (iv) any other material terms and conditions of the issuance.

(b) Each other Member shall have the right, exercisable upon written notice to the Company within fifteen (15) days after receipt of the Preemptive Notice (the "PREEMPTIVE RIGHTS NOTICE PERIOD"), to purchase, on the terms and conditions as set forth in the Preemptive Notice the Units (or other equity interests) proposed to be issued on a pro rata basis based on the percentage of Units owned by each other Member electing to participate in the preemptive right (the "PREEMPTIVE RIGHT"). Any and all Members electing to exercise the Preemptive Right within the Preemptive Rights Notice Period shall enter into a purchase agreement with the Company and the Purchasing Member within sixty (60) days following the date of the Preemptive Notice on substantially similar terms and conditions as described in the Preemptive Notice.

(c) If no other Member exercises the Preemptive Right within the Preemptive Rights Notice Period, the Company may, not later than sixty (60) days following expiration of the Preemptive Rights, conclude the issuance of Units (or other equity interests) to the Purchasing Member on the same economic terms and substantially the same terms and conditions as described in the Preemptive Notice. Any proposed issuance of Units (or other equity interests) to a Purchasing Member on terms and conditions materially different from those described in the Preemptive Notice or any proposed issuance more than sixty (60) days following the expiration of the Preemptive Right, shall again be subject to the Preemptive Right of the other Members as set forth in this Section 7.10 and shall require compliance with the procedures as described in this Section 7.10.

7.11 EXPIRATION OF RIGHTS AND RESTRICTIONS. The provisions set forth in Article VII hereof, shall expire and be of no further force and effect on and after the Expiration Date to the extent permitted by law, except that the provisions of Sections 7.2, 7.3, 7.4, 7.8 and 7.9 shall survive the Expiration Date. In addition, the rights under Sections 7.2, 7.3, 7.8, 7.9 and 7.10 shall

expire and be of no further force and effect as to each Member on the date such Member sells, transfers or otherwise disposes, other than to an Affiliate of such Member, of more than:

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(a) twenty (20%) percent of the aggregate number of Units it was issued, if the aggregate Capital Contribution it made was less than \$5 million;

(b) thirty (30%) percent of the aggregate number of Units it was issued, if the aggregate Capital Contribution it made was \$5 million or more but less than \$10 million;

(c) forty (40%) percent of the aggregate number of Units it was issued, if the aggregate Capital Contribution it made was \$10 million or more but less than \$15 million; or

(d) sixty (60%) percent of the aggregate number of Units it was issued, if the aggregate Capital Contribution it made was \$15 million or more.

7.12 ABT OWNERSHIP. Without the prior written consent of ABT, the Company shall not issue Units to cause ABT to own less than fifty-five percent (55%) of all Units.

7.13 REDEMPTION RIGHT.

(a) Each Original Eligible Owner may elect to redeem its Units at the price it paid for such Units pursuant to the procedure set forth in Section 7.13(b) if (i) there has been a change of control (as defined in Section 7.13(c)) of ABT and (ii) there has not been an IPO of the Company prior to the third anniversary of the date of this Agreement.

(b) In order to exercise its redemption right described in Section 7.13(a) above, an Original Eligible Owner must give written notice of that election to the Company within five (5) days after the third anniversary of the date of this Agreement. If the Company receives proper notice of an Original Eligible Owner's election to redeem its Units, the Company shall redeem such Units within eighteen (18) months of receiving such notice.

(c) As used in Section 7.13(a), a "change of control" shall occur if more than fifty (50) percent of ABT's outstanding shares are owned, acquired by, sold, or otherwise transferred to any person or group within the meaning of Section 13(d) of the Securities Exchange Act of 1934, excluding GE and any Affiliates thereof, within two years after the date of this Agreement.

VIII. CERTAIN REPRESENTATIONS, WARRANTIES AND COVENANTS

8.1 MEMBER REPRESENTATION. As of the date hereof, each Member represents, warrants and covenants as to itself to the Company as follows:

(a) No Other Agreement Concerning Units. It is not, after giving effect to the transactions occurring on or as of the date hereof, a party to any other agreement with respect

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to the holding, voting, acquisition or disposition of any Units, except as contemplated by this Agreement;

(b) Experience; Risk. It has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the purchase of the Units pursuant to this Agreement and of protecting its interests in connection herewith. It has the ability to bear the economic risk of the investment, including complete loss of the investment.

It is experienced in evaluating and investing in new companies such as the Company;

(c) Investment. It is acquiring the Units for its own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof, and it has no present intention of selling, granting any participation in, or otherwise distributing the same. It understands that the Units have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of its representations as expressed herein;

(d) Restricted Securities. It understands and acknowledges that the Units are characterized as "restricted securities" under United States federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations the Units may be resold without registration under the Securities Act or other applicable foreign securities laws only in certain limited circumstances. It acknowledges that the Units must be held indefinitely unless subsequently registered under the Securities Act or other applicable foreign securities laws or an exemption from such registration is available;

(e) No Public Market. It understands and acknowledges that no public market now exists for any of the securities issued by the Company and that there can be no assurance that a public market will ever exist for the Units;

(f) Authorization. It has the full right, power and authority to enter into and perform its obligations under this Agreement and, when executed and delivered by it, this Agreement will constitute its valid and binding obligation, enforceable in accordance with its terms, subject to the laws of general application relating to bankruptcy, insolvency and the relief of debtors, rules of law governing specific performance, injunctive relief and other equitable remedies;

(g) Government Consents. No consent, approval or authorization of or designation, declaration or filing with any state, federal, or any foreign governmental authority on the part of the Member is required in connection with the valid execution and delivery of this Agreement by the Member, and the consummation by the Member of the transactions contemplated hereby;

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(h) Legends. It is understood that each certificate representing the Units and any securities issued in respect thereof or exchange therefor shall bear the legends below in substantially the following form (in addition to any legend required under applicable securities laws).

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"). NO SALE OR DISPOSITION OF THESE SECURITIES MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO, AND MAY BE TRANSFERRED ONLY IN COMPLIANCE WITH AN AGREEMENT AMONG THE COMPANY AND THE HOLDER OF THESE SECURITIES AND CERTAIN OTHER HOLDERS OF THE COMPANY'S SECURITIES, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY.

(i) Accredited Investor Status. It presently qualifies as an "accredited investor" within the meaning of Regulation D (17 C.F.R. 230.501) of the rules and regulations promulgated under the Securities Act;

(j) Brokers or Finders. It has not incurred, and will

not incur, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or any transaction contemplated hereby;

(k) Market Standoff. It agrees that if so requested by the Company or any representative of the underwriters in connection with registration of the initial public offering or any secondary offering of any securities of the Company under the Securities Act or under applicable foreign securities laws, it shall not sell or otherwise transfer any Units or other securities of the Company during the 180 day period following the effective date of such registration statement or other applicable document so long as at least ninety percent (90%) of all non-ABT Members are similarly restricted. The Company may impose stop transfer instructions with respect to securities subject to the foregoing restrictions until the end of such 180 day period; and

(l) Access to Information. It has had the opportunity to ask questions of, and to receive answers from, appropriate executive officers of the Company with respect to the terms and conditions of the transactions contemplated hereby and with respect to the business, affairs, financial condition and results of operations of the Company. It has had access to such financial and other information as is necessary in order for it to make a fully informed decision as to investment

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in the Company, and has had the opportunity to obtain any additional information necessary to verify any of such information to which it has had access;

8.2 COMPANY REPRESENTATION. As of the date hereof, the Company represents, warrants and covenants to each Member as follows:

(a) No Other Agreement Concerning Units. Except for this Agreement, the Company is not a party to any other agreement with respect to the holding, voting, acquisition or disposition of any Units;

(b) Valid Issuance. The Units when issued in accordance with the provisions of this Agreement will be validly issued, fully paid and nonassessable Units of the Company; provided, however, that such Units may be subject to restrictions on transfer under United States' state and/or federal securities laws or other foreign securities laws as set forth herein;

(c) Governmental Consent, etc. No consent, approval or authorization of or designation, declaration or filing with any state or federal governmental authority on the part of the Company is required in connection with the valid offer, sale or issuance of the Units, except the qualification under the California Corporate Securities Law or other applicable state securities laws, of the offer and sale of the Units, which filing and qualification, if required, will be effected in a timely manner

(d) Brokers and Finders. The Company has not incurred, and will not incur, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or any transactions contemplated hereby;

(e) Authorization. The Company has the full right, power and authority to enter into and perform its obligations under this Agreement and, when executed and delivered by it, this Agreement will constitute its valid and binding obligation, enforceable in accordance with its terms, subject to the laws of general application relating to bankruptcy, insolvency and the relief of debtors, rules of law governing specific performance, injunctive relief and other equitable remedies;

(f) Financial Statements. The Company shall maintain, for each quarter and each fiscal year, statements of income, stockholder's equity, cash flow and balance sheets of the Company setting forth, in each case, in comparative form, corresponding consolidated figures from the preceding fiscal year or corresponding quarter of the preceding fiscal year, as applicable, all in accordance with generally accepted accounting principles ("GAAP"); and

(g) No Conflicts. Neither the execution and delivery by

the Company of this Agreement nor the consummation of the transactions contemplated hereby will conflict with or

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result in a breach in any material respect of any agreement or instrument to which the Company is a party.

(h) Legal Opinion. There shall have been delivered to each Original Eligible Owner an opinion of Paul, Hastings, Janofsky & Walker LLP, counsel to the Company, in substantially the form attached hereto as Exhibit 2.

(i) Compliance with Law and Regulation. The Company is and will continue to be in compliance with all applicable laws, statutes, ordinances, regulations, rules, and other requirements imposed by any United States federal, state, or local governmental authority ("Governmental Authority") which could have a material adverse affect on the Company. The Company has not received any written notice to the effect, or has otherwise been advised, that it is not in compliance with any of such laws, statutes, ordinances, regulations, rules or other requirements imposed by an Governmental Authority.

8.3 NON-SOLICITATION; NON-HIRE. Each Member other than ABT, for so long as such Member holds the largest equity interest in any NOC and for one year thereafter, agrees not to directly or indirectly, on its own behalf or on behalf of or in conjunction with any Person, recruit, solicit, or induce or attempt to recruit, solicit, hire or induce any employee of the Company, ABT, any NOC or any subsidiary of the Company, ABT or any NOC (or any Person who was an employee of the Company, ABT, any NOC or any subsidiary of the Company, ABT or any NOC within twelve (12) months of the date of solicitation) to become employed by or to be engaged in a business which is competitive or may be competitive with the Company, ABT, any NOC or any subsidiary of the Company, ABT or any NOC.

8.4 DISCLOSURE OF MEMBER IDENTITY. The Company and the Members will not disclose the terms and conditions of each Member's investment in the Company without the prior written consent of the affected Member; provided, however, that the Company and any Member may disclose (i) the name of each Member to the public, (ii) the terms and conditions of any Member's investment in the Company to its Affiliates or any other potential Member, and (iii) any information to the extent required by law.

8.5 ANNUAL BUDGET. By December 31 of each year, the Chief Executive Officer of the Company shall propose and the board of managers shall approve an annual budget detailing the expenses of the Company for the following year.

8.6 IPO INTENT. The Members and the Company currently contemplate that it is in the best interest of the Company to have an IPO of the equity of the Company within the next three (3) years, and the parties agree in good faith to consider proposals for such IPO.

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8.7 INSURANCE. The Company shall maintain insurance covering actions and omissions by the officers and directors of the Company pursuant to customary terms approved by the board of managers, to the extent such insurance is available to the Company.

8.8 RIGHT TO OFFER PRODUCTS AND SERVICES TO NOCS.

(a) The Company shall include a provision in each license agreement or other agreement between the Company and each NOC (other than NOCs in the United Kingdom, Sweden, Norway, Denmark and Finland in respect to which the Company shall use commercially reasonable efforts to accomplish the following) that each Original Eligible Owner will have the right to offer

automotive-related products and services on the website of each NOC, on a nonexclusive arm's length commercial basis provided that:

(i) the entity selling such products or services is an Original Eligible Owner or a bona fide Affiliate thereof;

(ii) an Original Eligible Owner may nominate only one entity to offer such products and services per country or territory for such preferred access;

(iii) the offered products or services will not include the sale or lease of new or used vehicles or detract from the functionality or user friendliness of the website; and

(iv) the terms and conditions for each NOC will be substantially the same as those offered other entities providing similar products or services on such NOC website.

(b) Should the Company either directly or indirectly (other than through NOCs) operate websites in Europe, then each Original Eligible Owner will have the right to offer automotive-related products and services on such websites pursuant to the terms and conditions set out in SECTION 8.8(A) above.

IX. DISTRIBUTIONS

9.1 DISTRIBUTIONS. Except as provided in SECTION 14.3 hereof, in connection with the dissolution and liquidation of the Company, the Company shall make distributions to the Members, in accordance with, and in proportion to, their respective Ownership Percentages, out of the available net cash flow (after the establishment of reserves under SECTION 9.2 hereof) within three (3) months after the end of each calendar year, unless the board of managers determines, in its sole and absolute discretion, otherwise. Notwithstanding anything in this Agreement to the contrary, neither the Company nor any person on behalf of the Company shall make any distributions except to the extent permitted under the Act or other applicable law.

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9.2 ESTABLISHMENT OF RESERVES. Notwithstanding anything to the contrary in SECTION 9.1 hereof, the board of managers may retain an amount of cash it deems reasonably necessary to satisfy the obligations of the Company on an annual net operating basis including, without limitation, debt payments, legal fees and expenses, audit costs and unforeseen contingencies. Other Company funds that the board of managers determines are not needed for Company reserves or operations shall be distributed to the Members from time to time in the board of managers' sole and absolute discretion in accordance with SECTION 9.1 hereof.

9.3 LIQUIDATING DISTRIBUTIONS. Notwithstanding SECTIONS 9.1 and 9.2 hereof, cash or other property of the Company available for distribution upon the dissolution and liquidation of the Company (including cash received upon the sale or other disposition of the Assets in anticipation of liquidation), shall be distributed as provided in accordance with the provisions of SECTION 14.3 hereof.

X. MAINTENANCE OF CAPITAL ACCOUNTS; ALLOCATIONS

10.1 ALLOCATIONS OF PROFIT OR LOSS.

(a) Profit. The Company shall establish for each Member on the books of the Company a Capital Account. For each Fiscal Year or portion thereof, Profit shall be allocated among the Members (after giving effect to the allocations contained in Sections 10.2 and 10.3) first in the proportion and to the extent that Losses have been allocated to the Members pursuant to Section 10.1(b)(i); and thereafter to the Members in accordance with their respective Ownership Percentages.

(b) Losses. The Company shall allocate Losses.

(i) first, to the Members, other than ABT, to the extent of and in accordance with their respective positive Capital Account

balance; and

(ii) thereafter, to the Members in accordance with their respective Ownership Percentages.

(c) Notwithstanding the foregoing, except in connection with a sale or disposition of the ABT Contribution, any Profit or Loss attributable to any appreciation or depreciation in the ABT Contribution shall be allocated to ABT; provided, however, that for purposes of this Section 10.1(c), a disposition or sale of the ABT Contribution shall not include an assignment of any such Assets to ABT.

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10.2 TAX ALLOCATIONS; CERTAIN BOOK/TAX DIFFERENCES.

(a) All items of income, gain, loss, deduction and credit shall be allocated in the manner that the corresponding item of Profit or Loss was allocated pursuant to Section 10.1.

(b) In accordance with Section 704(c) of the Code and the applicable Treasury Regulations thereunder, income, gain, loss, deduction and tax depreciation with respect to any Asset contributed to the capital of the Company or otherwise revalued on the books of the Company shall, solely for income tax purposes, be allocated among the Members so as to take into account any variation between the adjusted tax basis of such property to the Company and the fair market value of such property as determined at the time of the contribution or revaluation. In addition, the board of managers, in its sole discretion, may make, or not make, "curative" or "remedial" allocations (within the meaning of the Treasury Regulations under Section 704(c) of the Code) in any manner that reasonably reflects the purpose and intention of this Agreement, including (i) "curative" allocations which offset the effect of the "ceiling rule" for a prior taxable year (within the meaning of Treasury Regulation Section 1.704-3(c)(3)(ii)) and (ii) "curative" allocations from the disposition of contributed property (within the meaning of Treasury Regulation Section 1.704-3(c)(3)(iii)(B)). The foregoing allocations made pursuant to this Section 10.2(b) shall be as determined by the board of managers in accordance with any permissible method under Section 704(c) of the Code and any applicable Treasury Regulations thereunder.

10.3 SPECIAL ALLOCATIONS. The following special allocations shall be made in the following order of priority:

(a) Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulations Section 1.704-2(f), notwithstanding any other provision of this Article X, if there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such period in proportion to and to the extent of an amount equal to the portion of such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Sections 1.704-2(f) and 2(g). The items so allocated shall be determined in accordance with Treasury Regulation Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 10.3(a) is intended to comply with the minimum gain chargeback requirement in Treasury Regulation Section 1.704(f) and shall be interpreted consistently therewith.

(b) Qualified Income Offset. If any Member unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by Treasury Regulation Section 1.704-1(b)(2)(ii)(d), the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 10.3(b) shall be made only

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if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article X have been tentatively made as if this Section 10.3(b) were not in this Agreement. This Section 10.3(b) is intended to comply with the "qualified income offset" provision of such Treasury Regulation Section and shall be interpreted consistent therewith.

(c) Special Income Allocation. In the event any Member has a deficit Capital Account balance at the end of any Fiscal Year or portion thereof that is in excess of the amount such Member is obligated to restore pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 10.3(c) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Agreement have been tentatively made as if this Section 10.3(c) were not in this Agreement.

(d) Nonrecourse Deductions. Nonrecourse Deductions for any Fiscal Year or portion thereof in respect of an Asset shall be allocated (as nearly as possible) under Treasury Regulation Section 1.704-2 among the Members in accordance with their relative Ownership Percentages in the case of Nonrecourse Deductions in respect of an Asset.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Fiscal Year or other period shall be allocated to the Member that potentially bears an economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with the principles set forth in Treasury Regulation Section 1.704-2(i).

(f) Member Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulation Section 1.704-2(i), if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Fiscal Year or portion thereof, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulation Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such Fiscal Year (and if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 10.3(f) is intended to comply with the minimum gain chargeback requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

10.4 ALLOCATIONS UPON TRANSFER OF UNITS IN THE COMPANY. In the event of a transfer of any Units in the Company permitted under this Agreement, all items of income, gain, loss, deduction and credit for the Fiscal Year in which the transfer occurs shall be allocated for Federal income tax purposes between the transferor and the transferee on the basis of the ownership of the Units at the time the particular item is taken into account by the Company for Federal income tax purposes, except to the extent otherwise required by law. Distributions made on or after the effective date of transfer shall be made to the transferee, regardless of when such distributions accrued on the books of the Company. The effective date of the transfer shall be (a) in the case of a voluntary transfer, the actual date the transfer is recorded on the books of the Company, or (b) in the case of an involuntary transfer, the date of the operative event.

XI. ACCOUNTING PROCEDURE; TAX MATTERS

11.1 FISCAL YEAR. The fiscal year of the Company shall begin on January 1 and shall end on December 31 of each year.

11.2 BOOKS OF ACCOUNT. At all times during the existence and continuance of the Company, the board of managers shall cause to be kept

accurate, complete, and proper books, records, and accounts pertaining to the Company's affairs, including: (a) a list of all Members and their Capital Contributions, Units, Ownership Percentages, and Capital Accounts, (b) a copy of the Certificate and all amendments thereto and all powers of attorney pursuant to which any Certificate has been executed, (c) an original copy of this Agreement and all amendments thereto, (d) copies of the Company's federal, state and local tax returns and financial statements, and (e) the Company's books and records. Such books and records shall be kept on the accrual basis of accounting in conformity with generally accepted accounting principles. The method of accounting followed by the Company for Federal income tax purposes shall be the accrual method. All books, records, and accounts of the Company shall be kept at its principal office or at such other office as the board of managers may designate for such purpose.

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11.3 PREPARATION AND FILING OF INCOME TAX RETURNS AND OTHER WRITINGS.

ABT shall cause the preparation and timely filing of all Company tax returns, shall on behalf of the Company make such tax elections (including, without limitation, any election under Section 754 of the Code, which Section 754 election may be made in the Tax Matters Partners' discretion, upon the written request of any Member), determinations, and allocations which he, in his sole and absolute discretion, deems to be appropriate, and shall timely make all other filings required by any governmental authority having jurisdiction to require such filing, the cost of which shall be borne by the Company. ABT will furnish copies of such returns to each Member. ABT shall also cause to be delivered to the Members, within ninety (90) days after the expiration of each tax year of the Company, a Form K-1 prepared by the Company or the Company's accountant. This form shall show the allocation of Profit or Loss of the Company for Federal income tax purposes, including all separately stated items, to each Member. No election shall be made by the Company or any Member to be excluded from the application of the provisions of subchapter K of the Code or from any similar provision of state and local tax laws.

11.4 CONTROVERSIES WITH THE INTERNAL REVENUE SERVICE. In the event of any controversy with the Internal Revenue Service or any other taxing authority involving the Company or any individual Member or Members, the outcome of which may adversely affect the Company, directly or indirectly, or the amount of the allocation of income, gain, loss, deduction, or credit of the Company to such Member, the Company may, at its option, incur expenses it deems necessary or advisable in the interest of the Company in connection with any such controversy, including, without limitation, reasonable attorneys' and accountants' fees. ABT is hereby designated by the Members as the "TAX MATTERS PARTNER" of the Company as defined in Section 6231(a)(7) of the Code and in such capacity shall represent the Company in any disputes, controversies or proceedings with the Internal Revenue Service. The Company will promptly send to each Member a copy of all correspondence sent to or received from the Internal Revenue Service by the Company.

XII. LIMITATIONS ON LIABILITIES; INDEMNIFICATION; RIGHT TO CONDUCT OTHER BUSINESS

12.1 LIABILITY OF MEMBERS. The operating or other losses of the Company shall be solely the liability of the Company, and no Member shall be obligated personally for any such operating or other loss solely by reason of being a Member. In no event shall the liability of a Member exceed, in the aggregate, the amount of its Capital Contributions and no creditors shall have the right to attach or garnish or compel the contribution by any Member of any additional sums of capital.

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12.2 INDEMNIFICATION. The Company shall, to the fullest extent permitted by applicable law, indemnify and hold harmless, the board of managers, and any manager thereof, any Observer, any Authorized Person and agent, officer,

representative and employee thereof or Person who is deemed to control either the board of managers or an Authorized Person (hereinafter collectively referred to as the "INDEMNITEES") from and against any losses, claims, damages, liabilities or actions, joint or several, to which such Indemnitees may be subject by virtue of any act performed by such Indemnitee, or omitted to be performed by any such Indemnitee, in connection with the business of the Company or its formation and shall reimburse each such Indemnitee for any legal or other expenses reasonably incurred by such Person in connection with investigating, defending or preparing to defend any such loss, claim, damage, liability or action; provided, however, that the Company shall not be liable to any Indemnitee to the extent that in the final non-appealable judgment of a court of competent jurisdiction such loss, claim, damage, liability or action is found to arise from such Indemnitee's gross negligence or willful misconduct. Expenses incurred by an Indemnitee in defending a civil or criminal action, suit or proceeding arising out of or in connection with this Agreement or the Company's business or affairs shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by the Indemnitee to repay such amount plus reasonable interest in the event that it shall ultimately be determined that the Indemnitee was not entitled to be indemnified by the Company in connection with such action. The foregoing rights of indemnification shall not be exclusive of any other rights to which such Indemnitee may be entitled. No amendment of this Agreement shall limit or eliminate the right to indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal. The Company may carry insurance protecting it and potential Indemnitees from liabilities to third parties, to the extent practicable.

12.3 RIGHT TO CONDUCT OTHER BUSINESS. Except as provided in SECTIONS 7.1, 7.2, 7.3, 8.3 AND 8.8 hereof, nothing contained in this Agreement shall be deemed to restrict in any way the freedom of each Member, the board of managers, and any manager thereof, and their Affiliates, including any director, officer, or employee of such person, to conduct any other business or any other activity whatsoever, including without limitation, the acquisition, holding and disposing of real estate, securities or assets of any entity without having or incurring any obligation to offer any interest therein to the Company or any other Member.

XIII. POWER OF ATTORNEY

13.1 AUTHORITY TO EXECUTE DOCUMENTS. During the life of the Company and (to the extent a manager remains) during any additional period authorized in accordance with this Agreement to dissolve, liquidate and wind up its affairs of the Company, each of the undersigned Members hereby irrevocably designates and appoints Robert S. Grimes and Ariel Amir, and each of them, and any successors of such managers, and any duly appointed agent of such managers, with full power of substitution, to be the Member's true and lawful attorney-in-fact with the power from time to time in the name, place and stead of the Member to do any ministerial act necessary to qualify the Company to do business under the laws of any jurisdiction in which it is necessary to file any instrument in writing in connection with such qualification, and to make, execute, swear to and acknowledge, amend, file, record, deliver and publish in conformance with the provisions of this Agreement (i) the Certificate for the Company, (ii) a counterpart of this Agreement or of any amendment hereto for the purpose of filing or recording such counterpart in any jurisdiction in which the Company may own property or transact business, (iii) all certificates and other instruments necessary to qualify or continue the Company as a limited liability company in Delaware or in any jurisdiction where the Company may own property or be doing business, (iv) any fictitious or assumed name certificate required or permitted to be filed by or on behalf of the Company, (v) any other instrument that is now or may hereafter be required by law to be filed for or on behalf of the Company, (vi) any other instruments or documents that the board of managers deems necessary to conduct the operation of the Company; provided, that, such instrument or document is not inconsistent with the terms of this Agreement in effect at that time and does not result in a material liability to such Member, (vii) any amendment to this Agreement adopted pursuant to SECTION 14.1 hereof and (viii) a certificate or other instrument evidencing the dissolution or termination of the Company when such shall be appropriate in Delaware and each other jurisdiction in which the Company shall own property or do business.

13.2 SURVIVAL OF POWER. The existence of this power of attorney shall not preclude execution of any such instrument by a Member individually on any such matter. This limited power of attorney shall not be revoked and shall survive the assignment or transfer by a Member of all or part of its Units in the Company and, being coupled with an interest, shall survive the death, incapacity or dissolution of the Member to the extent that it may legally contract for such survival. Any person dealing with the Company may conclusively presume and rely upon the fact that any such instrument executed by such agent and attorney-in-fact is authorized, regular and binding without further inquiry.

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XIV. AMENDMENT AND DISSOLUTION

14.1 AMENDMENT. Any provision of this Agreement may be amended by the consent of the holders of at least eighty-five percent (85%) of all Units; provided, however, that no amendment of this Agreement shall, without the consent of the affected Member, (i) increase the liability of a Member beyond the liability of such Member expressly set forth in this Agreement or otherwise modify or affect the limited liability of such Member, (ii) change the method or calculation of distributions or allocations made under the provisions of ARTICLES IX AND X hereof to any Member (except as otherwise provided in this Agreement), (iii) eliminate an Original Eligible Owner's right to appoint a manager except as provided in Section 4.1(a) or (iv) amend the rights of Original Eligible Owners granted under Section 8.8.

14.2 DISSOLUTION.

(a) The Company shall be dissolved and its business wound up and terminated on the earlier of:

(i) The date on which at least eighty percent (80%) of the Company's Units as of January 1 of any year are transferred (other than to Affiliates of Members), or all of the Assets (excluding the ABT Contribution) have been disposed of and, to the extent legally available, the net proceeds therefrom distributed to the Members; provided, however, such transfer of Units or disposition of Assets will not be deemed a dissolution of the Company or an event triggering dissolution or winding up of the Company if such event is pursuant to a merger, sale, reorganization, reformation or similar restructuring in which after such event the Members prior to such transaction collectively own at least 50% of the equity of the entity that owns or controls substantially all of the Assets after such transaction;

(ii) The date on which the Company is dissolved by operation of law or judicial decree;

(iii) The date on which all of the Members agree to terminate the Company; or

(iv) The occurrence of any other event causing the dissolution of a limited liability company under the Act.

(b) Upon dissolution of the Company created hereunder, the board of managers shall give written notice of such dissolution to the Members which shall state that the Assets are to be liquidated in an orderly fashion with appropriate reserves maintained for then existing and potential obligations and contingent liabilities of the Company. Upon dissolution for

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any reason whatsoever, the Company shall thereafter engage in no further business other than that necessary to wind up the business and to distribute the Assets.

14.3 DISTRIBUTIONS UPON DISSOLUTION.

(a) Upon dissolution of the Company, (i) the ABT

Contribution shall be assigned back to ABT and (ii) the board of managers shall act as liquidating trustee regarding the disposition of the Assets (excluding the ABT Contribution, the "Remaining Assets") for cash, to pay and discharge all liabilities and obligations of the Company and to distribute all cash remaining and any Remaining Assets which cannot be disposed of to the Members as described below. The liquidating trustee shall be under no liability with respect to the Remaining Assets held by the Company upon dissolution except to hold and maintain the same in the Company until disposed of in accordance with the terms of this Agreement and the Act. Unless agreed to by all Members, and to the extent commercially reasonable, every reasonable effort shall be made to dispose of the Remaining Assets so that the liquidating distributions to the Members shall be made in cash. If any non-cash Remaining Assets must be distributed in kind, the liquidating trustee shall ascertain the fair market value of such Remaining Assets by appraisal or other reasonable means of such Remaining Assets remaining unsold and each Member's Capital Account shall be charged or credited, as the case may be, as if such Remaining Assets had been sold at such fair market value and the net gain or net loss realized thereby had been allocated to and among the Members in accordance with SECTION 10.2 hereof. All of the Remaining Assets, including, without limitation, all cash and property, if any, then on hand in the Company, shall be applied and distributed, with reference to the fair market value thereof, by the liquidating trustee. A reasonable time shall be allowed for the orderly liquidation of the Remaining Assets and the discharge of liabilities to creditors so as to minimize any losses attendant upon a liquidation. The proceeds from the liquidation, to the extent sufficient t(a)abherefor, shall be applied and distributed in the following order:

(i) To the creditors of the Company, whether by payment or the making of an agreement for payment;

(ii) To setting up the reserves that the liquidating trustee may deem necessary or reasonable for contingent or unforeseen liabilities or obligations of the Company or of the liquidating trustee arising out of or in connection with the Company or its liquidation;

(iii) To the non-ABT Members in proportion to, and to the extent of, each Member's positive Capital Account balance, after giving effect to all contributions, distributions and allocations for all periods.

(iv) Thereafter, to ABT and the non-ABT Members in proportion to, and to the extent of, their positive remaining Capital Account balances.

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(b) All reasonable attempts shall be made to cause any distributions to Members under this ARTICLE XIV upon liquidation to be made by the end of the taxable year in which the liquidation of the Company occurs.

(c) The liquidating trustee shall comply with the terms of this Agreement and any requirements of the Act or other applicable law pertaining to the winding up of a limited liability company, at which time the Company shall stand liquidated.

(d) The liquidating trustee shall be under no liability with respect to the Assets held by the Company upon dissolution except to hold and maintain the same in the Company until disposed of in accordance with the terms of this Agreement and the Act. The Members shall look solely to the Assets for the return of their respective Capital Contributions and, if the Assets remaining after the payment or discharge of the debts and liabilities of the Company are insufficient to return their Capital Contributions, they shall have no recourse against the liquidating trustee or any Member for that purpose.

14.4 NO OBLIGATION TO RESTORE DEFICIT CAPITAL ACCOUNTS. No Member with a deficit balance in its Capital Account shall have any obligation to the Company or any other Member to restore said deficit balance. In addition, except as expressly provided by agreement or relevant documentation, no venturer or partner in any Member shall have any liability to the Company or any other Member for any deficit balance in such venturer's or partner's capital account in the Member in which it is a partner or venturer. Furthermore, a deficit Capital Account balance of a Member (or a capital account of a partner or

venturer in a Member) shall not be deemed to be a liability of such Member (or of such venturer or partner in such Member) or an Asset of the Company or any Member.

XV. MISCELLANEOUS

15.1 INJUNCTIVE RELIEF. The parties acknowledge that it will be impossible to measure in money the damages that would be suffered if the parties fail to comply with certain of the obligations imposed on them by this Agreement, including without limitation those obligations set forth in ARTICLES IV, VII AND VIII and that in the event of any such failure, an aggrieved Person will be irreparably damaged and will not have an adequate remedy at law. Any such Person shall, therefore, in addition and not in lieu of any other remedy available to an aggrieved Person, be entitled to injunctive relief and/or specific performance to enforce such obligations, and if any action is brought in equity to enforce any of such provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law.

15.2 FURTHER ASSURANCES. Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other

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agreements, certificates, instruments and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement.

15.3 GOVERNING LAW; DISPUTE RESOLUTION. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Delaware without regard to principles of conflict of laws.

(a) If a dispute arises under this Agreement, it should be referred to the president or chief executive officer of each Member for resolution, and such persons shall use their best efforts to resolve the matter for no less than thirty (30) days. Any matter such persons are unable to resolve within such period must be submitted to the dispute resolution procedure set forth in Section 15.3(b).

(b) Any dispute or claim arising out of or in connection with this Agreement not resolved by Section 15.3(a) above, must be finally settled by binding arbitration under the Rules of Conciliation and Arbitration of the American Arbitration Association (the "RULES") by one (1) arbitrator appointed in accordance with such Rules within a period of ninety (90) days from the date such dispute is submitted to arbitration. Judgment on the award rendered may be entered in any court having jurisdiction thereof. The place of arbitration shall be New York, New York. Any monetary award must be calculated and denominated in United States dollars and the arbitration must be conducted in the English language. Notwithstanding the other provisions of this Section 15.3, either party may apply to any court of competent jurisdiction for injunctive or equitable relief.

15.4 ENTIRE AGREEMENT. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings of the parties with respect thereto, including the Operating Agreement of the Company dated September 30, 1997.

15.5 BINDING EFFECT. This Agreement shall be binding on and inure to the benefit of the parties hereto and, subject to the terms and provisions hereof, their respective, heirs, administrators, executors, legal representatives, successors and permitted assigns.

15.6 INVALIDITY OF PROVISION. The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of this Agreement, including that provision, in any other jurisdiction.

15.7 NOTICES. All notices and other communications given or made

hereunder shall be in writing and, unless otherwise provided herein, shall be deemed to have been given when received by the party to whom such notice is to be given (i) by an overnight delivery service or by mail at its address set forth on the signature pages hereto, or such other address for the party as shall be specified by notice given pursuant hereto, (ii) by electronic facsimile (fax) to such party at the facsimile number set forth on the signature pages hereto, or such other facsimile number for the party as shall

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be specified by notice given pursuant hereto, or (iii) by e-mail at the e-mail address set forth on the signature pages hereto, or such other e-mail address for the party as shall be specified by notice given pursuant hereto.

15.8 HEADINGS. The descriptive headings of the several sections of this Agreement are inserted for convenience only and do not constitute part of this Agreement.

15.9 GENDER AND NUMBER. Whenever required by the context, as used in this Agreement, the singular number shall include the plural, the neuter shall include the masculine or the feminine gender and the masculine gender shall include the neuter or the feminine gender.

15.10 COUNTERPARTS AND EXECUTION. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original agreement and all of which shall constitute one agreement among each of the parties hereto, notwithstanding that all of the parties are not signatories to the original or the same counterpart, to be effective as of the day and year first set forth above.

15.11 CONSENTS AND WAIVERS. A Member's waiver, consent, failure to object, failure to seek redress, course of conduct or failure to insist upon the strict performance of any covenant or condition of this Agreement shall not be considered or construed as a waiver or consent for subsequent matters or other obligations or rights of the Member. No waiver of any term or provision of this Agreement shall be effective unless in writing signed by the party to be charged.

15.12 RIGHTS AND REMEDIES CUMULATIVE. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

15.13 WAIVER OF RIGHT TO PARTITION. Each of the parties hereto irrevocably waives during the term of the Company any right that it may have to maintain any action for partition with respect to an Asset.

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IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

AUTOBYTEL.EUROPE LLC

By: /s/ Mark W. Lorimer

Name: Mark W. Lorimer
Title: Chairman

Notice Information:

Autobytel.Europe LLC
c/o autobytel.com inc.
18872 MacArthur Boulevard
Irvine, California 92612

U.S.A.
Attention: Ariel Amir, Esq.
Facsimile: 949-862-1323
E-mail: ariela@autobytel.com

MEMBERS:

AUTOBYTEL.COM INC.

By: /s/ Robert S. Grimes

Name: Robert S. Grimes
Title: Executive Vice President

Notice Information:

autobytel.com inc.
18872 MacArthur Boulevard
Irvine, California 92612
U.S.A.
Attention: Ariel Amir, Esq.
Facsimile: 949-862-1323
E-mail: ariela@autobytel.com

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GE CAPITAL EQUITY HOLDINGS, INC.

By: /s/ Brian S. Graff

Name: Brian S. Graff
Title: Vice President

Notice Information:

GE Equity
120 Long Ridge Road
Stamford, CT 06927
Attention: John Flannery
Facsimile: (203) 961-2088
E-mail: john.flannery@gecapital.com

INCHCAPE OVERSEAS INVESTMENTS B.V.

By: /s/ Peter W. Johnson

Name: Peter W. Johnson
Title:

Notice Information:

Inchcape Motors International plc
33 Cavendish Square
London W1M 9HF United Kingdom
Attention: Peter W. Johnson
Facsimile: 011 44 171 546 8441
E-mail: peter.johnson@inchcape.com

PON HOLDINGS B.V.

By: /s/ Henk Rottinghuis

Name: Henk Rottinghuis
Title: Director

Notice Information:

Pon AutomobieHandel B.V.
Zujderinslag 2
3833 BP Leusden
Netherlands

Attention: Henk Rottinghuis
Facsimile: 011 33 133 494 8714
E-mail: henk.rottinghuis@pah.nl

[*] Confidential Treatment has been requested for certain portions of this exhibit

INTERCOMPANY SOFTWARE LICENSE AGREEMENT

This INTERCOMPANY SOFTWARE LICENSE AGREEMENT is made as of January 6, 2000 (the "EFFECTIVE DATE") by and between autobytel.com inc., a Delaware corporation with offices at 18872 MacArthur Blvd, 2nd Floor, Irvine, California 92612 ("ABT/US") and AUTOBYTELEUROPE LLC, a Delaware limited liability company with offices at 18872 MacArthur Blvd, 2nd Floor, Irvine, California 92612 ("ABT/E").

WHEREAS, ABT/US is engaged in an Internet-based marketing business for new and used vehicles in North America that provides Internet users with fast, hassle-free, and courteous purchasing and related services designed to improve consumers' overall vehicle buying experience (which includes such business as now engaged in by ABT/US and as may be engaged in by ABT/US during the term of this Agreement, and which includes but is not limited to the activities described in section 1.24 of Exhibit A) (the "ABT/US BUSINESS"), and in connection with such business has developed certain software, certain end user documentation associated therewith and certain proprietary business procedures; and

WHEREAS, the parties wish ABT/E to be able to carry on a similar Internet-based marketing business in Europe through dealers or directly to users for its own account or license NOCs (as defined below) to do the same on ABT/E's behalf.

NOW, THEREFORE, the parties agree as follows:

1. LICENSE OF SOFTWARE, DOCUMENTATION, BUSINESS PROCEDURES AND TRADEMARKS.

1.1 LICENSE.

(a) ABT/US hereby grants to ABT/E the perpetual, exclusive right to (i) use the Software (in source code and object code format), Business Procedures, Documentation and ABT Brand as described in Section 1.1(c); and (ii) grant sublicenses ("SUBLICENSES") in substantially the form set forth in EXHIBIT A for the purpose of operating a Local Business in one or more entire countries in Europe (the "TERRITORY"). For avoidance of doubt, ABT/E may, in its discretion, deliver the Software under each Sublicense in source code format, object code format, or both. ABT/E may complete any blanks or "TBD" information in each such Sublicense and attach the attachments contemplated therein, in each case, in any way that is not directly in conflict with this Agreement and make any other changes as may be requested by NOCs that are reasonable and customary, provided such changes do not impose any material obligations or liabilities upon ABT/US and that the resulting Sublicense is at least as protective of ABT/US' intellectual property rights as EXHIBIT A. A "LOCAL BUSINESS" has the meaning set forth in EXHIBIT A, with respect to any Territory in Europe. The word "exclusive," as used in this Section 1, means that ABT/US shall not use in connection with a Local Business for its own account, nor grant to any third party the right to use or license the Software, Documentation, Business Procedures or ABT Marks in connection with the operation of a Local Business in the Territory, except as expressly provided in this Agreement;

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(b) ABT/US hereby grants to ABT/E the exclusive right to use the Software, Documentation and Business Procedures for the purpose of providing technical, end user and sales support to NOCs, and to copy the Software, Documentation and Business Procedures solely as necessary to do so.

(c) ABT/E may, in its sole discretion, elect to use the Software, Documentation, Business Procedures and ABT Marks to operate a Local Business in one or more entire countries in the Territory for its own account

(in lieu of granting a Sublicense to an NOC). In such case, ABT/E shall abide by the obligations of Licensee under EXHIBIT A with respect thereto. For avoidance of doubt, the ABT Marks shall be used only in connection with the use of the Software, Documentation and Business Procedures for purposes of operating a Local Business and shall not be used for purposes of marketing the Software, Documentation and Business Procedures. The parties acknowledge that the Software, Documentation, Business Procedures and ABT Marks, as currently in existence, only have an established or known commercial value in connection with the automotive industry.

(d) EXISTING AGREEMENTS. The license grants set forth in this Section 1.1 are subject to any rights granted in the Existing Agreements. The parties acknowledge that they will enter into a side letter or other agreement (in addition to this Agreement) under which ABT/E will assume the rights and obligations of ABT/US under the Existing Agreements.

1.2 DEFINITIONS. As used in this Agreement, the following words have the following meanings:

(a) "SOFTWARE" means all the proprietary software products used by ABT/US in the operation of the ABT/US Business during the term of this Agreement. Software will include without limitation any Software delivered by ABT/US under Section 1.3.

(b) "DOCUMENTATION" means all the electronic instructions, manuals or other materials, including without limitation on-line help files, regarding the development or use of the Software used by ABT/US in the operation of the ABT/US Business during the term of this Agreement. Documentation will include without limitation any Documentation delivered by ABT/US under Section 1.3.

(c) "BUSINESS PROCEDURES" means all the proprietary business procedures for operating the ABT/US Business used by ABT/US in the operation of the ABT/US Business during the term of this Agreement. Business Procedures will include without limitation any Business Procedures delivered by ABT/US under Section 1.3.

(d) "ABT MARKS" means all the trademarks, service marks and logos used by ABT/US in the operation of the ABT/US Business during the term of this Agreement, including without limitation the "Auto-By-Tel" and "autobytel" marks, but excluding the marks "DealerSites.com" or "kre8.net".

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(e) "NOC" is a national operating company that operates or intends to operate a Local Business through dealers or directly to users in one or more entire countries in Europe pursuant to a Sublicense.

(f) "EXISTING AGREEMENTS" means the NOC agreements entered into by ABT/US prior to the Effective Date, to wit, the License and Services Agreements dated as of August 7, 1998 between ABT/US and Auto-By-Tel AB (with respect to the territory of Sweden, Norway, Finland and Denmark) and the License and Services Agreements dated as of November 28, 1998 between ABT/US and AutobyTel UK Ltd. (with respect to the territory of the United Kingdom).

1.3 DELIVERY OF UPDATES AND UPGRADES. ABT/US shall promptly deliver to ABT/E any and all releases or versions of the Software (in source code and object code form to the extent available to ABT/US), Business Procedures, or Documentation used by ABT/US in the operation of the ABT/US Business during the term of this Agreement, including without limitation all Error Corrections, Updates or Upgrades as such terms are used in EXHIBIT A.

2. DISCLAIMER AND RESERVATION OF RIGHTS. ABT/US hereby reserves all rights not granted hereunder. ABT/US HEREBY DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS, IMPLIED, OR STATUTORY, WITH RESPECT TO THE SOFTWARE AND BUSINESS PROCEDURES except as are expressly provided for in this Agreement. ABT/US hereby reserves all rights not explicitly granted under this Agreement.

3. SUPPORT. As between the parties, ABT/E will have the sole responsibility to provide technical and end user support to NOCs. ABT/US will have no obligation under this Agreement to provide any such support to ABT/E or any NOC.

4. CONSIDERATION. In consideration of the exclusive, perpetual licenses granted in Section 1, ABT/E shall issue to ABT/US certain shares of the equity securities of ABT/E, pursuant to that certain Amended and Restated Operating Agreement among ABT/E and certain other parties of even date herewith, and ABT/E shall use its best efforts to maximize revenue from exploiting the rights granted to ABT/E hereunder.

5. LICENSE BACK. ABT/E hereby grants to ABT/US, a perpetual, irrevocable, exclusive license, to the extent of and under any and all rights owned, or possessed or exercisable by ABT/E, to make, use, sell, import, reproduce, perform, display, transmit, prepare derivative works of and otherwise exploit, outside the Territory: (a) any and all Localized Versions (as such term is defined in EXHIBIT A) (i) assigned or licensed to ABT/E under any Sublicense; or (ii) prepared by or for ABT/E under Section 1.1(c); and (b) any and all Extensions (as such term is defined in EXHIBIT A) (i) assigned or licensed to ABT/E under any Sublicense or (ii) prepared by or for ABT/E under Section 1.1(c). ABT/E shall promptly upon completion or receipt of any such Derivative Work or Extension, disclose such Derivative Work or Extension to ABT/US, in any form reasonably requested by ABT/US.

6. TERM AND TERMINATION.

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6.1 TERM. The term of this Agreement will commence on the Effective Date and continue in perpetuity, unless earlier terminated pursuant to this Section 6.

6.2 TERMINATION FOR DEFAULT. If either party materially defaults in the performance of any of its material obligations hereunder and if any such default is not corrected within 30 days after notice in writing, then the non-defaulting party, at its option, may, in addition to any other remedies it may have, thereupon terminate this Agreement by giving written notice of termination to the defaulting party; provided however, no party will be deemed to be in breach of this Agreement, and there shall be no termination for default, during such time that a party makes diligent efforts to correct a default which is capable of correction.

6.3 TERMINATION AND ASSIGNMENT IN THE EVENT OF CESSATION OF BUSINESS OF ABT/E. In the event ABT/E (a) winds up or terminates its business, or ceases business in the ordinary course; (b) admits in writing its inability to pay its debts as they mature, makes an assignment for the benefit of creditors, or becomes subject to direct control of a trustee, receiver or similar authority; or (c) becomes subject to any bankruptcy or insolvency proceeding under federal, foreign, or state statutes, ABT/US shall immediately assume all rights and obligations under all of the Sublicenses, and this Agreement will immediately terminate.

6.4 EFFECT OF TERMINATION. The terms and conditions of Sections 2, 5, 8.1(d), 9, 10 and 11 will survive any termination or expiration of this Agreement.

7. ENFORCEMENT. ABT/E shall promptly take all actions reasonably requested by ABT/US in writing to enforce all Sublicenses with NOCs granted hereunder, which actions include without limitation any lawsuits necessary or appropriate to enforce any such Sublicense.

8. WARRANTIES.

8.1 ABT/US WARRANTY.

(a) PERFORMANCE. ABT/US represents and warrants to ABT/E that during the term of this Agreement, the Software in the form delivered to ABT/E will perform in substantial accordance with the Documentation in the form delivered to ABT/E.

(b) YEAR 2000. ABT/US represents and warrants to ABT/E that the Software in the form delivered to ABT/E is Year 2000 Compliant. "YEAR 2000 COMPLIANT" means that the Software, when used in accordance with the Documentation and with the hardware and operating systems approved by ABT/US, will: (i) initiate and operate; (ii) correctly store, represent and process

dates; and (iii) not cause or result in an abnormal termination or ending or degradation of performance; when processing data containing dates in the year 2000 and in any preceding and following years, including leap years; provided that there shall be no breach of this representation and warranty where the failure of the Software to be Year 2000 Compliant is caused by or relates to any third party products that exchange data with the Software.

(c) VIRUSES. ABT/US represents and warrants to ABT/E that the Software, in the form delivered to ABT/E and on the media delivered to ABT/E, does not contain any virus,

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codes, commands or instructions that alter, delete, erase, damage, disable, disrupt, or otherwise interfere with ABT/E's use of, the Software.

(d) REMEDY. If the Software does not perform as warranted under Sections 8.1(a), 8.1(b), or 8.1(c), ABT/US shall, at no charge to ABT/E, use reasonable efforts to correct the Software in accordance with ABT/US' then-current escalation procedures, and deliver to ABT/E a corrected version of the Software. The foregoing are ABT/E's sole and exclusive remedies for breach of warranties. The warranty will apply only if the then-current version of the Software has been properly installed and used at all times and in accordance with the Documentation.

(e) AUTHORITY. ABT/US represents and warrants to ABT/E that ABT/US has full power, right and authority to enter into this Agreement, to carry out its obligations under this Agreement and to grant the rights granted to ABT/E herein. ABT/US represents and warrants to ABT/E that the execution and performance of this Agreement by ABT/US will not conflict with any other obligation of ABT/US.

8.2 ABT/E WARRANTY. ABT/E represents and warrants to ABT/US that ABT/E has full power, right and authority to enter into this Agreement, to carry out its obligations under this Agreement and to grant the rights granted to ABT/US herein. ABT/E represents and warrants to ABT/US that the execution and performance of this Agreement by ABT/E will not conflict with any other obligation of ABT/E.

8.3 DISCLAIMER. EXCEPT FOR THE EXPRESS LIMITED WARRANTY SET FORTH IN SECTION 8.1 ABOVE, THE SOFTWARE, DOCUMENTATION, BUSINESS PROCEDURES AND ABT MARKS ARE PROVIDED "AS-IS" AND WITHOUT WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE. ABT/US HEREBY DISCLAIMS ANY WARRANTY THAT THE OPERATION OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR-FREE. ABT/US SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES OF NONINFRINGEMENT, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE SOFTWARE, DOCUMENTATION, BUSINESS PROCEDURES, ABT MARKS AND ANY PRODUCTS, MATERIALS, OR SERVICES PROVIDED BY ABT/US HEREUNDER.

9. LIMITATION OF LIABILITY

EXCEPT FOR LIABILITY FOR THIRD PARTY CLAIMS ARISING OUT OF SECTION 10, IN NO EVENT WILL EITHER PARTY HAVE ANY LIABILITY FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, WHETHER FOR BREACH OF CONTRACT, TORT OR OTHERWISE, ARISING OUT OF OR RELATED TO THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO, LOSS OF ANTICIPATED PROFITS, LOSS OF DATA, OR LOSS OF USE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

10. INDEMNIFICATION FOR INFRINGEMENT

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10.1 ABT/US INDEMNITY FOR INFRINGEMENT. ABT/US shall, at its expense, defend or settle any claim, action or allegation brought against ABT/E that the Software, Documentation, or Business Procedures, or the copying or use thereof infringe any copyright, patent, trademark, or trade secret right of any third party in the Territory, and shall pay any final judgments awarded or settlements entered into; provided that ABT/E gives prompt written notice to

ABT/US of any such claim, action or allegation of infringement and gives ABT/US the authority to proceed as contemplated herein. ABT/US will have the exclusive right to defend any such claim, action or allegation and make settlements thereof in its own discretion, and ABT/E may not settle or compromise such claim, action or allegation, except with the prior written consent of ABT/US. ABT/E shall give such assistance and information as ABT/US may reasonably require to settle, or oppose such claims. In the event any such infringement, claim, action or allegation is brought or threatened, ABT/US shall:

(a) at its sole option and expense, procure for ABT/E the right to continue copying, using and sublicensing of the Software, Documentation, or Business Procedures as described in Section 1; or

(b) at its sole option and expense, modify or amend the Software, Documentation or Business Procedures or infringing part thereof, or replace the Software, Documentation or Business Procedures or infringing part thereof with other Software, Documentation or Business Procedures having substantially the same or better capabilities.

The foregoing obligations will not apply to the extent the infringement arises as a result of modifications to the Software, Documentation, or Business Procedures not made by ABT/US, or the combination of the Software with any materials or technology not supplied by ABT/US. The foregoing states the entire liability of ABT/US with respect to infringement of any patent, copyright, trademark, trade secret or other proprietary right.

10.2 ABT/E INDEMNITY. ABT/E shall, at its expense, defend or settle any claim, action or allegation brought against ABT/US (to the extent not covered by Section 10.1) arising from the act or omission of ABT/E or any NOC, where a third party alleges fraud, misrepresentation, or unfair business practices arising from the operation of ABT/E or the Local Business of any NOC, or those that arise from a third party allegation that any Localized Version or Extension infringes any copyright, trade secret, patent or trademark right of any third party, and shall pay any final judgments awarded or settlements entered into; provided that ABT/US gives prompt written notice to ABT/E of any such claim, action or allegation of infringement and gives ABT/E the authority to proceed as contemplated herein. ABT/E will have the exclusive right to defend any such claim, action or allegation and make settlements thereof in its own discretion, and ABT/US may not settle or compromise such claim, action or allegation, except with the prior written consent of ABT/E. ABT/US shall give such assistance and information as ABT/E may reasonably require to settle or oppose such claims. In the event any such infringement, claim, action or allegation is brought or threatened, ABT/E may, at its sole option and expense:

(a) procure for ABT/US the right to continue use of the Localized Version or Extension or infringing part thereof; or

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(b) modify or amend the Localized Version or Extension or infringing part thereof, or replace the Localized Version or Extension or infringing part thereof with other materials having substantially the same or better capabilities.

10.3 PROSECUTION OF INFRINGERS. ABT/US and ABT/E shall give each other written notice of any acts of infringement by third parties involving intellectual property rights relating to the Localized Version, Extensions, Software, Documentation, Business Procedures, or ABT Marks anywhere in the Territory of which ABT/US or ABT/E has knowledge, and the parties shall consult together with a view to determine the course of action, if any, to be taken in such circumstances. ABT/US will have the right to take action to enforce such rights. If the parties are unable to agree on any such course of action to be taken, then ABT/US shall authorize ABT/E to take such actions as ABT/E considers necessary or appropriate and ABT/E will be entitled to take such actions at ABT/E's expense. Each party shall render to the other any assistance requested by the other in proceedings against an infringer within the Territory, at the other party's expense. Any damage that might be awarded will, after deduction of actual costs, be awarded to the party that undertakes legal action.

11. NON-DISCLOSURE.

11.1 DEFINITION. "CONFIDENTIAL INFORMATION" means any information

disclosed by either party to the other party, either directly or indirectly, in writing, orally or by inspection of tangible objects (including without limitation documents, prototypes, samples, plant and equipment), which is designated as "Confidential," "Proprietary" or some similar designation. Information communicated orally will be considered Confidential Information if such information is confirmed in writing as being Confidential Information within a reasonable time after the initial disclosure. Confidential Information may also include information disclosed to a disclosing party by third parties. Confidential Information will not, however, include any information which (i) was publicly known and made generally available in the public domain prior to the time of disclosure by the disclosing party; (ii) becomes publicly known and made generally available after disclosure by the disclosing party to the receiving party through no action or inaction of the receiving party; (iii) is already in the possession of the receiving party at the time of disclosure by the disclosing party as shown by the receiving party's files and records immediately prior to the time of disclosure; (iv) is obtained by the receiving party from a third party without a breach of such third party's obligations of confidentiality; (v) is independently developed by the receiving party without use of or reference to the disclosing party's Confidential Information, as shown by documents and other competent evidence in the receiving party's possession; or (vi) is required by law, court order, or other legal process to be disclosed by the receiving party, provided, to the extent practicable, that the receiving party gives the disclosing party prompt written notice of such requirement prior to such disclosure and assistance in seeking an order protecting the information from public disclosure. Confidential Information of each party will include without limitation the Software, Documentation, and Business Procedures, whether or not so marked.

11.2 MAINTENANCE OF CONFIDENTIALITY. Each party agrees not to disclose any Confidential Information of the other party to third parties, except with such other party's prior written consent. The foregoing will not prohibit ABT/E from disclosing information that it is

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required to disclose under any Sublicense. Each party shall take reasonable measures to protect the secrecy of and avoid disclosure of the Confidential Information of the other party. Without limiting the foregoing, each party shall take at least those measures that it takes to protect its own most highly confidential information and shall ensure that its employees who have access to Confidential Information disclosed by the other party have signed a non-disclosure agreement in content similar to the provisions hereof, prior to any disclosure of Confidential Information to such employees.

12. MISCELLANEOUS. No amendment or modification hereof will be valid or binding upon the parties unless made in writing and signed by the duly authorized representatives of both parties. The relationship of the parties hereunder is that of independent contractors, and this Agreement will not be construed to imply that either party is the agent, employee, or joint venturer of the other. In the event that any provision or provisions of this Agreement is held to be unenforceable, this Agreement will continue in full force and effect without said provision and will be interpreted to reflect the original intent of the parties. This Agreement will be governed by the laws of the State of California, without regard to its conflict of laws principles. The parties consent to the personal and exclusive jurisdiction of courts located in California. ABT/E may not assign or otherwise transfer this Agreement (by operation of law or otherwise) without the prior written consent of ABT/US; however, ABT/E may assign all rights and obligations under this Agreement to a wholly-owned subsidiary of ABT/E, and ABT/E hereby guarantees the performance by such wholly-owned subsidiary of the obligations of this Agreement. Any prohibited assignment or sublicense will be null and void. Subject to the foregoing, this Agreement will be binding upon and will inure to the benefit of the parties' permitted successors and/or assignees. Waiver by either party of a breach of any provision of this Agreement or the failure by either party to exercise any right hereunder will not operate or be construed as a waiver of any subsequent breach of that right or as a waiver of any other right.

The parties have executed this Agreement below to indicate their acceptance of its terms:

AUTOBYTE.COM INC.

AUTOBYTE.EUROPE LLC

By: /s/ Robert S. Grimes

By: /s/ Mark W. Lorimer

Title: Executive Vice President

Title: Chairman

Print Name: Robert S. Grimes

Print Name: Mark W. Lorimer

Date: January 6, 2000

Date: January 6, 2000

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EXHIBIT A

ABT EUROPE LLC

LICENSE AND SERVICES AGREEMENT

This LICENSE AND SERVICES AGREEMENT (this "AGREEMENT") is entered into as of _____, _____, (the "EFFECTIVE DATE") by and between AutobyteEurope LLC, a Delaware limited liability company with offices at offices at 18872 MacArthur Blvd, 2nd Floor, Irvine, California 92612 ("ABT"), and _____, a corporation organized under the laws of _____ with offices at _____ ("LICENSEE").

BACKGROUND

WHEREAS, autobyte.com inc. is engaged in an Internet-based marketing business for new and used vehicles that provides Internet users with fast, hassle-free, and courteous purchasing and related services designed to improve consumers' overall vehicle buying experience, and has granted to ABT the right to grant sublicenses of certain software, documentation and business procedures useful in the operation of such a business to ABT's licensees in Europe;

WHEREAS, Licensee desires to engage in the operation of a Local Business (as defined below) in the Territory (as defined below) using the Software, Documentation and Business Procedures of autobyte.com inc. (all as defined below).

NOW, THEREFORE, in consideration of the mutual promises and upon the terms and conditions set forth below, the parties agree as follows:

1. Definitions

1.1 "ABT BRAND" means the "Auto-By-Tel" and "autobyte" trademarks, service mark and logo, and the Licensee Domain, and does not include the mark "DealerSites.com" or "kre8.net."

1.2 "AFFILIATE" of a party means (i) any entity controlled by, controlling, or under common control with such party, where "control" means ownership, either direct or indirect, of more than 50% of the equity interest entitled to vote for the election of directors or equivalent governing body and/or (ii) any entity of which such party has possession, either direct or indirect, of the power to direct or cause the direction of management and policies of the entity through ownership of voting securities, by contract or otherwise. Notwithstanding the above, ABT shall not be deemed an Affiliate of Licensee and vice versa.

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1.3 "BANNER ADVERTISEMENT" means any image displayed on a web page associated with the Local Business that is intended to serve as an advertisement for a product, service or web page.

1.4 "BUSINESS PROCEDURES" means the proprietary business procedures for operating the Local Business described on ATTACHMENT B, and any updates or new revisions thereof provided by ABT from time to time in its sole discretion.

1.5 "COMMERCE BUTTON" means any image displayed on a web page

associated with the Local Business that points to an electronic commerce site through which a User can purchase goods or services.

1.6 "CONFIDENTIAL INFORMATION" means this Agreement and all its Attachments, any addenda hereto signed by both parties, all Software listings, Documentation, information, data, drawings, benchmark tests, specifications, trade secrets, object code and machine-readable copies of the Software, Business Procedures, and any other proprietary information disclosed by one party to the other.

1.7 "CONSUMER PRICE INDEX" means the Consumer Price Index, for All Urban Consumers, Subgroup ?All Items?, for the Los Angeles-Riverside-Orange County Area (Base Year 1982-84=100), which is currently being published by the United States Department of Labor, Bureau of Labor Statistics. If, however, this Consumer Price Index is changed so that the base year is altered from that used as of the Commencement Date, then the Consumer Price Index will be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics, to obtain the same results that would have been obtained had the base year not been changed. If no conversion factor is available or if the Consumer Price Index is otherwise changed, revised or discontinued for any reason, the term "Consumer Price Index" will thereafter refer to the most nearly comparable official price index of the United States Government to obtain substantially the same result as would have been obtained had the original Consumer Price Index not been changed, revised or discontinued.

1.8 "CONTRACT MONTH" means a period of 1 month which period commences upon the Effective Date; or the same day of each month thereafter during the Term.

1.9 "CONTRACT YEAR" means a period of 4 consecutive three-month periods commencing on the Effective Date or the anniversary thereof.

1.10 "DERIVATIVE WORK" means a derivative work within the meaning of 17 U.S.C. Section 101 of the U.S. copyright law.

1.11 "DOCUMENTATION" means any electronic instructions, manuals or other materials, including without limitation on-line help files, regarding the development or use of the Software provided by ABT under this Agreement.

1.12 "DRT" means the Dealer Real Time System (i.e., ABT's online dealer communication system) portion of the Software.

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1.13 "ERROR CORRECTION" means a release or version of the Software containing corrections or fixes of Errors which may be indicated by a change in the numeric identifier to the Software in the digit to the right of the decimal.

1.14 "ERROR" means a material, reproducible failure of the Software to perform in substantial conformity with the functional specifications in the Documentation.

1.15 "FEES" mean all fees payable to ABT hereunder. Fees include the following: Initial Transfer Fee, Minimum Annual License Fees, Minimum Maintenance Fees, Localization and Development Fees, Data Center Fees, and Product Management Fees, all as defined in Section 5.

1.16 "MINIMUM ANNUAL FEES" are the Minimum Annual License Fees plus the Minimum Annual Maintenance Fees.

1.17 "FISCAL QUARTER" means a period of 3 consecutive calendar months which period commences upon the Launch Date, or 3, 6, or 9 months thereafter; or the anniversary of any of the foregoing.

1.18 "FISCAL YEAR" means a period of 4 consecutive Fiscal Quarters commencing on the Launch Date or the anniversary thereof.

1.19 "GLOBAL BRAND PROTOCOLS" means the procedures for use of the ABT Brand set forth on ATTACHMENT C, along with any revisions thereof provided by ABT from time to time in its sole discretion.

1.20 "GROSS REVENUES" means all payments actually received by Licensee with regard to the Local Business, including without limitation fees received from dealers for participating in the Internet referral system, payments received from dealers as a result of Internet inquiries referred to them, sums received as payments for advertising on internet sites which are part of the Local Business, gross revenues from providing maintenance of, and training regarding, the DRT, and all other revenues arising directly out of the Local Business.

1.21 "INITIAL TRANSFER FEE" means the fee so described in ATTACHMENT A.

1.22 "LAUNCH DATE" means the first date Licensee makes the World Wide Web site for the Local Business generally available on the World Wide Web; but in no event later than _____.

1.23 "LICENSEE DOMAIN" means the Uniform Resource Locator "_____."

1.24 "LOCAL BUSINESS" means an internet-based business operated in the Territory under the Business Procedures that performs the following functions and provides the following information, products, and services related to new and pre-owned vehicles in the Territory:

- Enrolling Participating Dealers;

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- Providing information regarding: (a) pricing, (b) vehicle specifications, (b) after-market items, (c) financial, insurance, and warranty products, (d) ancillary products or services, and (e) other information;
- Allowing Users to submit purchase requests for the sale or lease of vehicles;
- Routing Users' purchase requests to Participating Dealers;
- Routing Users' requests for: (a) after-market items, (b) financial, insurance, or warranty products, or (c) ancillary products or services to Participating Dealers or Participating Vendors, as applicable, for fulfillment;
- Providing auctions that allow Users and/or Participating Dealers to purchase, sell, or lease vehicles;
- Allowing Users or Participating Dealers to submit requests for the purchase, sale, or lease of fleets of vehicles; and
- Issuing service notices, whether electronically or otherwise, to remind Users who purchase or lease vehicles through the Local Business that the vehicle is due for servicing.
- The Local Business also shall include any additional automotive-related functions, information, products, or services authorized by ABT in its sole discretion.

1.25 "LOCALIZE, or LOCALIZATION" means any modifications to the Software, Documentation or Business Procedures necessary to facilitate the operation and functionality of the Software, Documentation on the operating systems or platforms within the Territory, or the modification of the Business Procedures to meet local custom or technological or regulatory requirements.

1.26 "LOCALIZED VERSION" means a Derivative Work of the Software and Business Procedures that implements the core functionality of the Software and Business Procedures, but incorporates the language, currency and functional variations for the Territory, which Derivative Works are in each case created for use of Licensee.

1.27 "NOC" means a national operating company that operates or intends to operate a Local Business through dealers or directly to users in a territory in Europe pursuant to a license similar to this Agreement.

1.28 "PARTICIPATING DEALER" means a vehicle dealer with showrooms and/or vehicle lots located in the Territory, who meets the criteria set forth in the Business Procedures and is bound by a subscription agreement.

1.29 "PARTICIPATING VENDOR" means an individual or entity authorized by ABT to provide: (a) after-market items, (b) financial, insurance, or warranty products, or (c) other products or services in the Territory.

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1.30 "SOFTWARE" means the proprietary software products specified on ATTACHMENT A hereto, in the form existing as of the Effective Date, together with any Error Corrections, Updates or Upgrades thereof provided to Licensee pursuant to this Agreement.

1.31 "TERRITORY" means _____ as constituted on the Effective Date.

1.32 "UPDATE" means a release or version of the Software, containing minor functional enhancements, extensions, error corrections or fixes, which may be indicated by a change in the numeric identifier to the Software in the digit to the right of the decimal.

1.33 "UPGRADE" means any version of the Software, designated as such by ABT, which contains new functionality or significantly enhanced operation and may be indicated by a change in the numeric identifier to the Software in the digit to the left of the decimal.

1.34 "USER" means an individual or entity who uses the World Wide Web site of the Local Business.

2. GRANT OF LICENSE

2.1 LICENSE. Subject to the terms and conditions of this Agreement, ABT hereby grants to Licensee:

(a) an exclusive, non-transferable license in the Territory to copy and create Derivative Works of the Software, Documentation, Business Procedures and Derivative Works thereof, in each case solely for the development of a Localized Version. In this Section 2.1(a), "exclusive" means that ABT shall not for its own account, nor grant to any third party in the Territory a license to create Derivative Works of the Software, Business Procedures or Documentation in order to create a Localized Version in connection with the operation of a Local Business.

(b) an exclusive, non-transferable license to use the Software, Documentation, or Business Procedures in connection with the operation of the Local Business; provided, however, that Licensee will not have the right to use the Software with respect to vehicle dealers outside the Territory; and provided that Licensee operates the Local Business solely in accordance with the Business Procedures. In this Section 2.1(b), "exclusive" means that ABT shall not for its own account, nor grant to any third party in the Territory a license to, use the Software, Documentation, or Business Procedures in connection with the operation of a Local Business.

(C) LICENSING OF DRT. The parties acknowledge that, for the avoidance of doubt, notwithstanding the exclusive license grants herein, ABT reserves the right to license the right to use the DRT to any third party.

2.2 SUBLICENSES. Licensee may grant non-exclusive sublicenses to vehicle dealers in the Territory to use copies of the DRT in object code format, solely for use in connection with the Local Business, and solely in connection with an end user license in substantially the form set forth

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in ATTACHMENT F. Licensee may not grant sublicenses of the rights granted in Section 2.1 except with the prior written approval of ABT.

2.3 COPIES. ABT shall deliver to Licensee, as soon as practicable, one copy of the Software, one copy of the related Documentation and one (1) copy of the Business Procedures. Licensee will be entitled: (a) to make one copy of the Software solely for backup or archival purposes, (b) to retain one copy of the Software for production purposes, and (c) to make and retain such copies of the Software as reasonably necessary for Licensee to use the Software in connection with the Local Business; provided, however, that Licensee shall immediately advise ABT of any such copies made and their location. Except as otherwise set forth herein, Licensee may not copy, distribute, reproduce, use or allow access to the Software, Documentation, or Business Procedures. Whenever Licensee is permitted to copy or reproduce all or any part of the Software, Documentation, or Business Procedures, all titles, trademark symbols, copyright symbols and legends, and other proprietary markings must be reproduced. Licensee shall not alter or remove any of ABT's trademarks, copyright notices or other proprietary notices affixed to the Software, Documentation, or Business Procedures by ABT.

2.4 OWNERSHIP. As between the parties, ABT owns all right, title and interest in and to the Software, Documentation, or Business Procedures, together with any Localized Version or other modifications to the Software, Documentation, or Business Procedures made by ABT in connection with Localization of the Software, Documentation, or Business Procedures. The licenses granted herein transfer to Licensee neither title, nor any proprietary or intellectual property rights to the Software, Business Procedures, or Documentation, or any copyrights, patents, or trademarks, embodied or used in connection therewith, except for the rights expressly granted herein. Effective upon development of any Localized Version by Licensee, Licensee hereby grants to ABT an exclusive, irrevocable license in such modifications, which includes the right to transfer, sublicense and to create Derivative Works. Upon termination of this Agreement and the license granted to Licensee in this Agreement, the above license will become non-exclusive and perpetual. Except as otherwise set forth in the applicable Work Order for the Localization services (as such term is defined in the "SERVICES AGREEMENT" in ATTACHMENT D), with respect to any modifications that are not Derivative Works of the Software or Business Procedures and that contain no part of the Software or Business Procedures (such modifications to be referred to as "EXTENSIONS"), effective upon development of any Extension, Licensee hereby grants to ABT an exclusive, irrevocable license in such Extensions, which includes the right to transfer, sublicense and to create Derivative Works. Upon termination of this Agreement, the above license will become non-exclusive and perpetual.

2.5 SOFTWARE AND BUSINESS PROCEDURE LOCALIZATIONS AND EXTENSIONS. As between the parties, Licensee is responsible for any changes to the Software, Documentation, or Business Procedures necessary to Localize them in accordance with the operation of the Local Business. All such Localization changes, and the development of any Extensions, must be approved by ABT prior to development and implementation, as set forth in this Section. Except as otherwise agreed by the parties, all such Localization changes and the development of any Extensions must be performed by ABT in accordance with Section 3.2. Upon completion of any Localized Version or Extension (other

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than by ABT), Licensee must disclose to ABT a copy of such Localized Version or Extension. Any such disclosure of Localized Software or Extension must be in source code format.

2.6 UPDATES AND UPGRADES. During the Term, and subject to Licensee's payment to ABT of the Minimum Maintenance Fees and Maintenance and Support Fees set forth in Sections 5.3 and 6.2 below, ABT will deliver to Licensee any Error Corrections, Updates or Upgrades to the Software or Business Procedures that it releases to any of ABT's other NOCs. Licensee shall implement all Error Corrections, Updates, or Upgrades provided by ABT under this Agreement, no later than 6 months after delivery thereof to Licensee. Notwithstanding the above, ABT will not be obligated to provide such Error Corrections, Updates or Upgrades during the period during which, in the reasonable discretion of ABT's project manager, they are in release for testing purposes or otherwise not suitable for release outside the United States.

2.7 LICENSE RESTRICTIONS. Licensee shall not:

(a) sell, lease, license, sublicense or distribute the

Software, Documentation, or Business Procedures except in accordance with this Agreement;

(b) provide, disclose, divulge or make available to, or permit use of the Software, Documentation, or Business Procedures by any third party without ABT's prior written consent, except as specifically authorized by this Agreement; or

(c) use the Software, Documentation or Business Procedures for any purpose except as expressly provided for in this Agreement.

2.8 THIRD PARTY TECHNOLOGY. The parties acknowledge that certain software, equipment, or technology of third parties, including, without limitation, server equipment, server software, and database software, may be required to operate the Software. ABT shall cooperate reasonably with Licensee to identify any such third-party technology, but ABT will not be obligated to provide any such third party technology to Licensee.

2.9 SCOPE OF LOCAL BUSINESS. Licensee acknowledges that the licenses granted in this Agreement apply only to the Local Business as defined herein, and as operated according to the Business Procedures, and that Licensee does not receive under this Agreement the right to use the ABT Brand, Software, Documentation, Business Procedures, and Derivative Works thereof in connection with any other activities. Licensee shall operate the Local Business solely in accordance with the definition herein. In the event that ABT adds activities ("ADDITIONAL ACTIVITIES") to the definition of the Local Business, ABT shall notify Licensee, and Licensee shall promptly implement the Additional Activities; provided, however, that ABT may waive such obligation in its sole discretion.

3. OBLIGATIONS.

3.1 DELIVERY. No later than _____ days after the Effective Date, ABT shall deliver to Licensee one (1) copy of the Software, Business Procedures, and Documentation, in the form such materials exist as of the Effective Date. For avoidance of doubt, Licensee acknowledges that such

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materials will not be Localized before delivery, and nothing in this Agreement will obligate ABT to deliver any Localized Software, Business Procedures, or Documentation, prior to or after the Launch Date, unless and until so agreed by the parties hereto under Section 3.2.

3.2 SERVICES. Upon mutual agreement, ABT may, from time to time, perform services and provide support to Licensee that will be subject to the "SERVICES AGREEMENT" set forth in ATTACHMENT D. Such services may include Localization services; however, the parties acknowledge that the business requirements and web functionality for the Local Business must be determined by Licensee prior to commencement of the Localization services, if any.

(a) In addition to the compensation set forth in the Services Agreement, Licensee shall reimburse ABT for the reasonable actual travel and living expenses of ABT's personnel engaged in performing the Services at locations other than ABT's facilities, together with other reasonable out-of-pocket expenses incurred in connection with the performance of such Services, subject to ABT's adherence to any travel policy reasonably promulgated by Licensee.

(b) Licensee shall pay ABT for any Services provided under this Section 3.2 in accordance with the payment terms set forth in the "SERVICES AGREEMENT" in ATTACHMENT D.

3.3 SCOPE OF SERVICES. The parties currently anticipate that the Services that may be performed in accordance with Section 3.2 may include the following. However, nothing in this Section 3.3 will be deemed to create any binding obligation on either party.

(a) Hardware selection and configuration consulting services;

(b) Business model conversion support for software systems

and operating procedures;

(c) Marketing, sales and information technology training;

(d) Support for training of vehicle dealers in the use of the DRT portions of the Software; and

(e) Business Procedures marketing support, including support regarding know-how, cooperative advertising or other co-marketing activities.

3.4 LICENSEE OBLIGATIONS. Licensee shall operate the Local Business solely in accordance with the Business Procedures. Licensee shall operate the Local Business solely in accordance with the laws, regulations, and other requirements of the Territory. During the Term, Licensee will devote sufficient resources and personnel to the Local Business to market, promote and operate the Local Business. Licensee will be responsible for training vehicle dealers in the use of the DRT portions of the Software and will be solely responsible for all costs and expenses related to the marketing, promotion and operation of the Local Business and for performing its obligations hereunder. Licensee will ensure that only properly trained and qualified persons perform Licensee's technical obligations under this Agreement.

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3.5 HYPERLINKS. On and after the first date Licensee makes the World Wide Web site for the Local Business generally available on the World Wide Web: (a) ABT shall display a hypertext link on its Web page at the location where ABT provides links to the NOCs, pointing toward Licensee's home Web page for the Local Business; and (b) Licensee shall display a hypertext link on the home Web page for the Local Business pointing to such location.

3.6 TERRITORY AND SALES. The parties acknowledge that Licensee may from time to time receive inquiries or orders for sales of products or services from persons outside the Territory. In such case, Licensee shall refer such inquiries only to ABT, and shall not act on such inquiries except upon ABT's instructions. ABT shall prepare guidelines, whose content will be determined in ABT's sole discretion, to address any such inquiries, and shall apply the guidelines generally to its licensees. ABT intends that such guidelines will be prepared in accordance with applicable national law and European Community law and with the goal of maximizing consumer satisfaction for customers of ABT's licensees. ABT shall instruct its licensees to respond to such inquiries in accordance with such guidelines.

3.7 REPORTS.

(a) LICENSEE. No less frequently than each month, as reasonably requested by ABT, Licensee will provide to ABT, in a format reasonably acceptable to ABT, a summary report of business data regarding Licensee's operation of the Local Business. Such data will include, but is not limited to, purchase request and finance request information (including the number of such requests received), other consumer information (including without limitation name, address, e-mail address, phone number, and the like, in the form and to the extent known to Licensee), Web statistics, and revenue data, as required for the ABT global data warehouse and reporting system.

(b) ABT. In conjunction with ABT's payment obligations under Section 3.8 and on the schedule set forth therein, ABT shall provide Licensee with a report of revenues generated by the sale of Banner Advertising and Commerce Buttons related to the Local Business.

3.8 BANNER ADVERTISING AND COMMERCE BUTTONS. The rights and obligations related to Banner Advertising and Commerce Buttons will be allocated between ABT and Licensee as follows: The parties agree that the solicitation of Banner Advertising and Commerce Buttons by ABT on behalf of all Autobyte web sites worldwide is likely to be more efficient and generate more revenue than the solicitation of Banner Advertising by the parties individually. Therefore, Licensee hereby appoints ABT as its exclusive agent to solicit all sales of Banner Advertising and Commerce Buttons, which appointment includes without limitation the power to engage advertising agents or sales representatives to solicit such advertising. ABT will use reasonable efforts to maximize the revenue generated by such sales. As between the parties, ABT shall collect all

revenues for such sales. No later than 45 days after the end of each Fiscal Quarter ABT shall pay to Licensee _____% of revenues received from the sale of such Banner Advertising and Commerce Buttons related to the Local Business and received by ABT, net of commissions, taxes, and out-of-pocket expenses for such Fiscal Quarter. ABT may use any unsold Banner Advertising inventory on hand five days prior to the commencement of each calendar month to advertise ABT, its Affiliates or other licensees of ABT.

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3.9 DATA. Subject to local law, Licensee shall collect data regarding visitors to the World Wide Web site for the Local Business, and their use of such site, as reasonably requested by ABT. Both Licensee and ABT may use and disclose such data, subject to applicable law and the provisions of this Section 3.9, for its own account or for the account of third parties. Licensee shall report such data to ABT on a monthly basis. Such reporting will be in a reasonable format. If ABT provides data to any third party, ABT shall pay to Licensee a percentage of the net amounts received by ABT therefor, as follows:

(a) AGGREGATED DATA. For data that is disclosed in aggregate, i.e., in such a fashion that the individual visitor is not identified by name, ABT shall pay Licensee 50% of net revenues received by ABT that is applicable to the Local Business; however, in the event that such aggregated data includes data provided by a party or parties other than Licensee, ABT may pro-rate the fees payable to Licensee and such other party in a reasonable fashion.

(b) DISAGGREGATED DATA. For data that is not disclosed in aggregate, i.e., in such a fashion that the individual visitor is identified by name, ABT shall pay Licensee 66.6% of net revenues received by ABT that is applicable to the Local Business; however, in the event that data with respect to an individual visitor is identified by a party or parties other than Licensee, ABT may pro-rate the fees payable to Licensee and such other party in a reasonable fashion.

3.10 CONSUMER DATA. Without limiting the provisions in Section 10, Licensee shall not disclose to any vehicle manufacturer those customers of the Local Business who have made purchase requests for vehicles of another vehicle manufacturer in such a fashion that the disclosure identifies the customer's name, address, or other identifying information.

3.11 PRODUCTS AND SERVICES OF CERTAIN SHAREHOLDERS OF ABT. Each member of ABT that becomes a member of ABT and owns at least 10,000 units of ABT on January 31, 2000 (each, an "ABT Owner") will have the right to offer automotive-related products and services on the website of Licensee, on a nonexclusive arm's-length commercial basis, provided that:

(a) the entity selling such products or services is an ABT Owner or a bona fide Affiliate thereof;

(b) an ABT Owner may nominate only one entity to offer such products and services for the Territory or each country in the Territory, to the extent the Territory includes more than one country, for such preferred access;

(c) the offered products or services will not include the sale or lease of new or used vehicles or detract from the functionality or user friendliness of the website of Licensee; and

(d) the terms and conditions for Licensee will be substantially the same as those offered other entities providing similar products or services on the website of Licensee.

4. WARRANTY AND DISCLAIMER

4.1 ABT WARRANTY.

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(a) PERFORMANCE. ABT represents and warrants to Licensee that during the Term, the Software in the form delivered to Licensee will perform in substantial accordance with the Documentation.

(b) YEAR 2000. ABT represents and warrants to Licensee that the Software in the form delivered to Licensee is Year 2000 Compliant. "YEAR 2000 COMPLIANT" means that the Software, when used in accordance with the Documentation and with the hardware and operating systems approved by ABT, will: (i) initiate and operate; (ii) correctly store, represent and process dates; and (iii) not cause or result in an abnormal termination or ending or degradation of performance; when processing data containing dates in the Year 2000 and in any preceding and following years, including leap years; provided that all third party products that exchange date data with the Software do so in a form and format compatible with the Software.

(c) VIRUSES. ABT represents and warrants to Licensee that the Software, in the form delivered to Licensee and on the media delivered to Licensee, does not contain any virus, codes, commands or instructions that alter, delete, erase, damage, disable, disrupt, or otherwise interfere with Licensee's use of, the Software.

(d) REMEDY. If the Software does not perform as warranted under Sections 4.1(a), 4.1(b), or 4.1(c), ABT shall, at no charge to Licensee, use reasonable efforts to correct the Software in accordance with the escalation procedures in ATTACHMENT E, and include the correction thereof in the next Error Correction released by ABT and provided to Licensee under Section 6.2. The foregoing are Licensee's sole and exclusive remedies for breach of warranties. The warranty will apply only if the then-current version of the Software has been properly installed and used at all times and in accordance with the Documentation.

(e) AUTHORITY. ABT represents and warrants to Licensee that ABT has full power, right and authority to enter into this Agreement, to carry out its obligations under this Agreement and to grant the rights granted to Licensee herein.

(f) SERVICES. ABT represents and warrants to Licensee that all Services performed by ABT under this Agreement will be performed in a professional manner consistent with industry standards. In the event of a breach of such warranty, ABT shall re-perform the non-conforming services at no charge. The foregoing is Licensee's sole and exclusive remedy for breach of such warranty.

4.2 LICENSEE WARRANTY. Licensee represents and warrants to ABT that Licensee has full power, right and authority to enter into this Agreement, to carry out its obligations under this Agreement and to grant the rights granted to ABT herein. Licensee represents and warrants to ABT that Licensee is sufficiently capitalized to undertake the business transaction contemplated hereunder.

4.3 DISCLAIMER. EXCEPT FOR THE EXPRESS LIMITED WARRANTY SET FORTH IN SECTION 4.1 ABOVE, THE SOFTWARE, DOCUMENTATION AND BUSINESS PROCEDURES ARE PROVIDED "AS-IS" AND WITHOUT WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE. ABT HEREBY

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DISCLAIMS ANY WARRANTY THAT THE OPERATION OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR-FREE. ABT SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES OF NONINFRINGEMENT, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE SOFTWARE, DOCUMENTATION, BUSINESS PROCEDURES AND ANY SERVICES PROVIDED BY ABT HEREUNDER.

4.4 ADDITIONAL DISCLAIMER. The success of the business venture contemplated to be undertaken by Licensee by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of Licensee as an independent business operator and the active participation of Licensee in the daily affairs of the Local Business, as well as other factors. ABT does not make any representation or warranty, express, or implied, as to the potential success of the business venture contemplated by this Agreement.

5. COMPENSATION.

5.1 MINIMUM ANNUAL LICENSE FEE. In consideration of the licenses granted herein, Licensee shall pay to ABT the minimum license fee specified on ATTACHMENT A ("MINIMUM ANNUAL LICENSE FEE"). The Minimum Annual License Fee will be payable as indicated in ATTACHMENT A.

5.2 ADDITIONAL LICENSE FEES. In consideration of the licenses granted herein, no later than 90 days after the end of each calendar quarter during the Term, Licensee shall pay to ABT [*] of any Gross Revenues booked by Licensee during such quarter ("ADDITIONAL LICENSE Fees"). Licensee may credit, against any fees due under this Section 5.2 for a given Fiscal Quarter, the Minimum Annual License Fees already paid by Licensee for such Fiscal Quarter.

5.3 MAINTENANCE FEE. In consideration of the services to be provided by ABT under Section 6, Licensee shall pay to ABT the maintenance fee specified on ATTACHMENT A (the "MINIMUM ANNUAL MAINTENANCE FEE"). The Minimum Maintenance Fee will be payable in equal monthly installments in advance. ABT may increase the Minimum Maintenance Fee after the first year of the Term, in proportion to any increase in the Consumer Price Index over the previous year.

5.4 INITIAL TRANSFER FEE. A portion of the Minimum Annual License Fee is designated as the "Initial Transfer Fee." The parties acknowledge that the Initial Transfer Fee is in consideration of ABT's efforts prior to the Launch Date, including without limitation assisting Licensee in assessing the technical requirements for operating the Local Business, and installing the Software.

5.5 DATA CENTER FEES. Licensee shall pay to ABT the Data Center Fees indicated on ATTACHMENT A. Data Center Fees will be payable as indicated in ATTACHMENT A. The parties acknowledge that the Data Center Fees are in consideration of ABT's ongoing efforts on behalf of all NOCs to maintain the data center hardware and software and to implement minor improvements to the World Wide Web site for the Local Business. Such efforts include, but are not limited to: (a) coordinating IT communication on NOCs' behalf with autobytel.com inc., (b) receiving initial software transfer for NOCs, and (c) providing additional customization services.

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5.6 PRODUCT MANAGEMENT FEES. Licensee shall pay to ABT the Product Management Fees indicated on ATTACHMENT A. Product Management Fees will be payable as indicated in ATTACHMENT A. The parties acknowledge that the Product Management Fees are in consideration of ABT's ongoing efforts to make employees available who assist in providing product support and developing new products, as well as assisting with training and marketing efforts for the NOCs. Such efforts may relate to, but are not limited to, the following areas: (a) New Car Program, (b) Used Car Program, (c) Dealer Real Time, and (d) Auction Programs.

5.7 TAXES. All charges and Fees provided for in this Agreement do not include any taxes, duties, or similar charges imposed by any government. Licensee shall pay or reimburse ABT for all federal, state, dominion, provincial, or local sales, use, personal property, excise or other taxes, fees, or duties arising out of this Agreement or the transactions contemplated by this Agreement (other than taxes on the net income of ABT).

5.8 PAYMENT. Licensee shall calculate, denominate, and make all payments in Euros by wire transfer to an account designated by ABT. Any payments due under this Agreement which are not paid when due will bear interest, to the extent permitted by applicable law, at the prime rate as reported by the Chase Manhattan Bank, New York, New York, beginning on the date such payment is due, plus an additional 3%, calculated on the number of days such payment is delinquent. This Section 5.9 will not limit any other remedies available to any party.

5.9 RECORDS AND AUDITS. Licensee shall make and maintain, an accounting and record keeping system, including the basic accounting information necessary to prepare sufficient financial statements and a general ledger in accordance with the United States Generally Accepted Accounting Principles (GAAP) with adequate and verifiable records and supporting documentation, including, without limitation, invoices, payroll records, check registers, sales tax records, cash receipts and disbursements journals, and general ledgers in

order to calculate and confirm Licensee's payment obligations hereunder. At a minimum, Licensee will maintain such records until the expiration of 3 years after the year to which such records pertain. ABT will have the right, at its own expense, to inspect, through either its employees or agents, and upon reasonable notice in writing, and during regular business hours, such records, as well as the physical plant, operations, and business practices of Licensee, to verify the accuracy of fees paid by Licensee under the terms of this Agreement, and to otherwise verify Licensee's compliance with the terms of this Agreement; provided, however, that any third party auditors must sign a non-disclosure agreement reasonably acceptable to Licensee. If any such examination discloses a shortfall in the fees due to ABT hereunder, Licensee shall reimburse ABT for the full amount of such shortfall plus interest and if the amount of the underpayment for any period is more than 5% Licensee shall pay ABT's costs of performing that audit with respect to such period.

6. MAINTENANCE AND SUPPORT.

6.1 SUPPORT. ABT shall provide Maintenance and Support as described in Section 6.2 below. ABT's provision of Maintenance and Support to Licensee will commence upon payment of the Maintenance Fee and will continue for as long as Licensee continues to pay the annual Maintenance Fee.

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6.2 MAINTENANCE AND SUPPORT SERVICES. For purposes of this Agreement, "MAINTENANCE AND SUPPORT" means that ABT shall: (a) use reasonably diligent efforts to correct and resolve Errors that Licensee reports to ABT in accordance with the escalation procedures set forth in ATTACHMENT E; and (b) provide Error Corrections, Updates and Upgrades, if any, to the Software, Business Procedures and Documentation that ABT releases during the current period covered by the Minimum Maintenance Fee, in accordance with Section 2.6; and (c) provide up to _____ hours of support services per year, in English, pursuant to the escalation procedures in ATTACHMENT E. The parties acknowledge that such services may include not only technical support, but also any help-desk, marketing support, training, information technology consulting, Business Procedure consulting, or any other services performed by ABT or its Affiliates at Licensee's request. In addition, such services may include a pro-rated portion of the services of ABT personnel serving Licensee as well as other licensees of ABT; provided, however, that ABT shall pro-rate such services in a reasonable fashion based on the time of such personnel spent assisting Licensee. ABT shall provide Licensee with a monthly report of the hours of support services provided under this Section 6.2. Each month, ABT shall invoice Licensee in arrears for Fees for any Maintenance and Support services in excess of one-twelfth of the allotted _____ hours for the year, in reasonable detail showing such additional hours to the nearest quarter hour, and Licensee shall pay such Fees no later than 15 days after the invoice date. Any such additional Maintenance and Support services will be billed at a rate equal to [*] per hour. ABT may increase such rate after the first year of the Term, in proportion to any increase in the Consumer Price Index over the previous year, or the equivalent European price index, as applicable.

6.3 PROJECT MANAGERS AND STAFF. Each party shall designate a project manager to administer Maintenance and Support under this Agreement. The parties shall coordinate all Maintenance and Support work under this Agreement through such project managers. Each party may change its project manager upon written notice. ABT will ensure that only properly trained and qualified persons perform its technical obligations under this Agreement.

7. TRADEMARKS AND DOMAIN NAMES.

7.1 TRADEMARKS. ABT hereby grants to Licensee the exclusive right to use the ABT Brand in connection with a Local Business in the Territory. The above license will include, without limitation, the right to indicate to the public that Licensee is an authorized licensee of ABT and to advertise Licensee's products and services in connection with the Local Business under the ABT Brand. Licensee shall fully comply with the Global Brand Protocols in relation to Licensee's use of the ABT Brand. All representations of the ABT Brand that Licensee intends to use must first be submitted to ABT for approval of design, color and other details, subject to the following limitations: (a) ABT's approval will not be unreasonably withheld or delayed; (b) such approval, once given, will not be unreasonably withdrawn; and (c) once ABT has approved a particular use, Licensee need not re-submit for approval any substantially

similar use.

7.2 RESTRICTIONS. Except as set forth in this Section 7, nothing contained in this Agreement will grant or will be deemed to grant to Licensee any right, title or interest in or to the ABT Brand. Licensee shall not challenge or assist others to challenge the ABT Brand (except to the extent such restriction is expressly prohibited by applicable law) or the registration thereof or attempt

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to register any trademarks, marks trade names, Uniform Resource Locators, or other designations confusingly similar to those of ABT. If Licensee, in the course of exercising its rights hereunder, acquires any goodwill or reputation in the ABT Brand, all such goodwill or reputation will automatically vest in ABT when and as, on an on-going basis, such acquisition of goodwill or reputation occurs, as well as at the expiration or termination of this Agreement, without any separate payment or other consideration of any kind to Licensee, and Licensee agrees to take all such actions necessary to effect such vesting, including without limitation the transfer to ABT of rights in any filings or registrations made under Section 7.3, and including without limitation the transfer from Licensee to ABT the Licensee Domain upon termination of this Agreement. Upon termination of this Agreement, Licensee shall immediately cease to use the ABT Brand and the Licensee Domain. Licensee also shall change its corporate name and trade name and otherwise ensure that such names may not reasonably be confused with the name, initials, trademark, service mark, or logo of ABT or its Affiliates or any variation of such names, initials, trademarks, service marks, or logos.

7.3 TRADEMARK REGISTRATIONS IN THE TERRITORY. Licensee shall advise ABT regarding the appropriate registrations or filings necessary to protect the use of the ABT Brand in the Territory. To the extent permitted by law, ABT shall make such registrations or filings with the appropriate authorities. Licensee shall pay all costs or fees associated with such filing.

7.4 REGISTERED USER AGREEMENTS. Licensee shall cooperate with ABT to make any registrations or filings with the appropriate authorities referenced in Section 7.3, including without limitation entering into registered user agreements with respect to the ABT Brand pursuant to applicable trademark law requirements in the Territory. Licensee will be responsible for proper filing of registered user agreements with appropriate government authorities, and Licensee shall pay all costs or fees associated with such filing.

7.5 NAME BRANDING; PRODUCT PROTECTION. On any promotional materials used or disseminated by Licensee relating to the Local Business, Licensee shall display the ABT Brand. Where both Licensee's marks and the ABT Brand are displayed, the marks will be presented equally legibly, and in a size and style in accordance with ABT's then-current Global Brand Protocols.

7.6 DOMAIN NAMES. ABT hereby grants to Licensee the right to use the Licensee Domain, solely for the operation of a Local Business. ABT shall, prior to the first date Licensee makes the World Wide Web site for the Local Business generally available on the World Wide Web, register the Licensee Domain name with InterNIC or its successor Internet name assignment authority, and shall pay the registration fees for one year. Thereafter, Licensee shall in a timely fashion renew such registration with such authority at its own expense each time such registration becomes due during the Term.

8. LIMITATION OF LIABILITY

EXCEPT FOR LIABILITY FOR THIRD PARTY CLAIMS ARISING OUT OF SECTIONS 9 OR 10, (A) IN NO EVENT WILL EITHER PARTY'S TOTAL LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT EXCEED THE TOTAL AMOUNTS PAID OR PAYABLE BY LICENSEE TO ABT UNDER THIS AGREEMENT, AND (B) IN NO EVENT WILL EITHER PARTY HAVE ANY LIABILITY FOR ANY INDIRECT, INCIDENTAL,

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SPECIAL OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY,

WHETHER FOR BREACH OF CONTRACT, TORT OR OTHERWISE, ARISING OUT OF OR RELATED TO THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO, LOSS OF ANTICIPATED PROFITS, LOSS OF DATA, OR LOSS OF USE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9. INDEMNIFICATION FOR INFRINGEMENT

9.1 ABT INDEMNITY FOR INFRINGEMENT. ABT shall, at its expense, defend or settle any claim, action or allegation brought against Licensee that the Software, or any Localization or Extension developed by ABT, infringes any copyright, trademark or trade secret right in the Territory of any third party, or that any Localization or Extension not developed by Licensee infringes such rights as a necessary result of specifications required by ABT, and shall pay any final judgments awarded or settlements entered into; provided that Licensee gives prompt written notice to ABT of any such claim, action or allegation of infringement and gives ABT the authority to proceed as contemplated herein. ABT will have the exclusive right to defend any such claim, action or allegation and make settlements thereof in its own discretion, and Licensee may not settle or compromise such claim, action or allegation, except with the prior written consent of ABT. Licensee shall give such assistance and information as ABT may reasonably require to settle, or oppose such claims. In the event any such infringement, claim, action or allegation is brought or threatened, ABT shall, at its sole option and expense:

(a) procure for Licensee the right to continue use of the Software, Documentation, or Business Procedures or infringing part thereof;

(b) modify or amend the Software, Documentation or Business Procedures or infringing part thereof, or replace the Software, Documentation or Business Procedures or infringing part thereof with other Software, Documentation or Business Procedures having substantially the same or better capabilities; or if neither (a) nor (b) is reasonably possible,

(c) terminate this Agreement and repay to Licensee a portion of the Minimum Annual License Fee equal to the amount paid by Licensee less an amount equal to 1/12 of the total Minimum Annual License Fee for each month or portion thereof of the current one year term to account for use by Licensee.

The foregoing obligations will not apply to the extent the infringement arises as a result of modifications to the Software not made by or for ABT. The foregoing states the entire liability of ABT with respect to infringement of any patent, copyright, trademark, trade secret or other proprietary right.

9.2 LICENSEE INDEMNITY. Licensee shall, at its expense, defend or settle any claim, action or allegation brought against ABT (to the extent not covered by Section 9.1) arising from the act or omission of Licensee, where a third party alleges fraud, misrepresentation, or unfair business practices arising from the operation of the Local Business, or those that arise from a third party allegation that a Localized Version or Extension infringes any copyright, trade secret or other intellectual property right in the Territory of any third party, or that any Localization or Extension

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developed by Licensee infringes such rights as a necessary result of specifications required by Licensee, and shall pay any final judgments awarded or settlements entered into; provided that ABT gives prompt written notice to Licensee of any such claim, action or allegation of infringement and gives Licensee the authority to proceed as contemplated herein. Licensee will have the exclusive right to defend any such claim, action or allegation and make settlements thereof in its own discretion, and ABT may not settle or compromise such claim, action or allegation, except with the prior written consent of Licensee. ABT shall give such assistance and information as Licensee may reasonably require to settle or oppose such claims. In the event any such infringement, claim, action or allegation is brought or threatened, Licensee may, at its sole option and expense:

(a) procure for ABT the right to continue use of the Localized Version or Extension or infringing part thereof; or

(b) modify or amend the Localized Version or Extension or

infringing part thereof, or replace the Localized Version or Extension or infringing part thereof with other materials having substantially the same or better capabilities.

9.3 PROSECUTION OF INFRINGERS. ABT and Licensee shall give each other written notice of any acts of infringement by third parties involving intellectual property rights relating to the Localized Version, Extensions, Software, Documentation, Business Procedures, or ABT Brand anywhere in the Territory of which ABT or Licensee has knowledge, and the parties shall consult together with a view to determine the course of action, if any, to be taken in such circumstances. ABT will have the right to take action to enforce such rights. If the parties are unable to agree on any such course of action to be taken, then ABT shall authorize Licensee to take such actions as Licensee considers necessary or appropriate and Licensee will be entitled to take such actions at Licensee's expense. Each party shall render to the other any assistance requested by the other in proceedings against an infringer within the Territory, at the other party's expense. Any damage that might be awarded will, after deduction of actual costs, be awarded to the party that undertakes legal action.

10. CONFIDENTIAL INFORMATION

10.1 OBLIGATIONS. The parties acknowledge and agree that the Confidential Information disclosed by one party (the "DISCLOSING PARTY") to the other party (the "RECEIVING PARTY") directly or indirectly (which information is marked as "proprietary" or "confidential" or, if disclosed orally, is designated as confidential or proprietary at the time of disclosure) hereunder constitutes the confidential and proprietary information of the Disclosing Party. The Receiving Party shall retain in strict confidence and not disclose to any third party any Confidential Information without the Disclosing Party's express written consent, and the Receiving Party shall not use such Confidential Information except to exercise the rights and perform its obligations under this Agreement. Without limiting the foregoing, the Receiving Party shall use at least the same procedures and degree of care which it uses to protect its own Confidential Information of like importance, and in no event less than reasonable care.

10.2 EXCEPTIONS. The Receiving Party will be relieved of this obligation of confidentiality to the extent it can demonstrate that any such information is: publicly available,

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already in the Receiving Party's possession at the time of disclosure and not subject to a confidentiality obligation, obtained by the Receiving Party from third parties without restrictions on disclosure, independently developed by the Receiving Party without reference to Confidential Information, or required to be disclosed by order of a court or other governmental entity or stock exchange, or disclosed to business or legal advisors acting under a duty of confidentiality.

10.3 SOURCE CODE PROTECTIONS. Licensee shall not under any circumstances distribute the source code for the Software in any manner. Licensee shall reproduce and shall not obscure or remove any marking on any copy or Derivative Work of the source code for the Software. In addition, each copy or Derivative Work of the source code for the Software must be marked as the confidential and proprietary property of ABT to which access is restricted, and Licensee shall keep and use the source code for the Software solely at Licensee's secure development facilities under password protection. Licensee agrees to limit access to the source code for the Software 24 hours a day, and strictly to those employees or Contractors to whom access is reasonably necessary in order to carry out the permitted uses of the source code for the Software hereunder. Licensee shall keep records of all persons who have access to the source code for the Software. At ABT's request, Licensee agrees to provide such records to ABT for review.

10.4 CONTRACTORS. Subject to Section 2.5, Licensee may appoint a third party contractor ("CONTRACTOR") to assist Licensee in Licensee's modification or implementation of the Localized Version as authorized hereunder; provided, however, that any such Contractor's access to and use of the Software (including the Localized Version): (a) will only be permitted pursuant to a signed written agreement between Licensee and such Contractor that contains terms at least as restrictive as those set forth in this Section 10, (b)

protects ABT's proprietary rights in the Software to the degree set forth in this Agreement, and (c) grants the Contractor no rights in the Localized Version beyond those expressly granted hereunder ("CONTRACTOR AGREEMENT"). Such agreement must be approved in writing by ABT prior to its execution. Licensee shall indemnify and hold harmless ABT against any breach of such Contractor Agreement by such Contractor.

10.5 NOTIFICATION OF SECURITY BREACH. Licensee shall notify ABT promptly in the event of any breach of its security of which Licensee becomes aware, under conditions in which it would appear that the trade secrets contained in the source code for the Software or the Localized Version were prejudiced or exposed to loss. Licensee shall, upon request of ABT, take all other reasonable steps necessary to recover any compromised trade secrets disclosed to or placed in the possession of Licensee by virtue of this Agreement. The cost of taking such steps will be borne solely by Licensee.

10.6 INJUNCTIVE RELIEF. In the event of breach of the provisions of Section 10.1 or 10.3, the non-breaching party will have no adequate remedy at law and will be entitled to immediate injunctive and other equitable relief, without the necessity of showing actual money damages.

11. TERM AND TERMINATION

11.1 TERM. This Agreement will be effective as of the Effective Date and will continue in full force and effect for a term of 10 years (the "TERM") after the earlier of the Launch Date or , unless terminated as set forth in this Section 11.

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11.2 TERMINATION. This Agreement may be terminated only as follows, if any of the following events ("TERMINATION EVENTS") occur:

(a) NONPAYMENT OF FEES. In the event that: (i) Licensee fails to pay the Fees as they become due; and (ii) fails to do so after 10 days written notice thereof, ABT may terminate this Agreement upon written notice to Licensee.

(b) DEFAULT. In the event that either party defaults in the performance of a material non-monetary obligation under this Agreement (other than nonpayment of Fees as set forth in Section 11.2(a)(i) above, then the non-defaulting party may provide written notice to the defaulting party indicating: (i) the nature and basis of such default with reference to the applicable provisions of this Agreement; and (ii) the non-defaulting party's intention to terminate this Agreement. If such default is amenable to cure within 30 days, the non-defaulting party may seek to terminate this Agreement under this Section 11.2(b) in the event that such material default is not cured within such 30 day period. If such default is not amenable to cure within 30 days, then the non-defaulting party may seek to terminate this Agreement if the defaulting party has not made significant and ongoing attempts to cure such default within 30 days, or if the defaulting party has not cured such default as soon as possible thereafter. In either case, upon the expiration of such cure periods the non-defaulting party may initiate an arbitration proceeding to terminate this Agreement in accordance with Section 15.13(b). The parties shall instruct the arbitrators to make a determination as to whether a material default has occurred within 30 days after the arbitration proceeding is initiated. If the arbitrators determine that a material default has occurred, the non-defaulting party may terminate this Agreement immediately upon written notice.

(c) ABT may terminate this Agreement immediately upon written notice if Licensee: (i) terminates or suspends its business; (ii) admits in writing its inability to pay its debts as they mature, makes an assignment for the benefit of creditors, or becomes subject to direct control of a trustee, receiver or similar authority; or (iii) becomes subject to any bankruptcy or insolvency proceeding under federal, foreign, or state statutes.

(d) In the event ABT: (i) winds up or terminates its business; (ii) admits in writing its inability to pay its debts as they mature, makes an assignment for the benefit of creditors, or becomes subject to direct control of a trustee, receiver or similar authority; or (iii) becomes subject to any bankruptcy or insolvency proceeding under federal, foreign, or state

statutes; ABT shall assign the all rights and obligations of ABT under this Agreement to autobytel.com inc. ABT hereby represents and warrants that ABT has entered into an agreement with autobytel.com inc. consenting to such assignment.

11.3 EFFECT OF TERMINATION.

(a) SURVIVAL. Upon termination of this Agreement in accordance with the above provisions, the rights and licenses granted under this Agreement will immediately terminate except as otherwise stated herein. The terms and conditions of the following Sections will survive termination or expiration of this Agreement: 1, 2.4, 2.7, 4.3, 4.4, 5.9, 7.2, 8, 9, 10, 11.3, 13 and 15, as well as any payment obligations in accordance with Section 5 which accrued prior to expiration or termination hereof.

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(b) RETURN OF MATERIALS. Within 30 days after the date of termination or discontinuance of this Agreement for any reason whatsoever, Licensee shall, at ABT's option, return or destroy any copies of the Software, Documentation, Business Procedures and any other Confidential Information in its possession that is in tangible form. Licensee shall furnish ABT with a certificate signed by an executive officer of Licensee verifying that the same has been done.

(c) NON-COMPETITION. If this Agreement is terminated by ABT under Section 11.2(b) or (c) before the end of the Term, then during the period between termination of this Agreement and one year after termination of the Agreement, Licensee shall not operate a Local Business. If Licensee assigns this Agreement to another party in accordance with the terms of Section 12, this obligation will run to Licensee, and to such assignee.

11.4 LICENSE IF ABT ENTERS BANKRUPTCY. If, at any time during the Term, ABT: (a) files a voluntary petition in bankruptcy under Chapter 7 of 11 United States Code (the "BANKRUPTCY CODE"); or (b) has an involuntary petition in bankruptcy filed against it under Chapter 7 of the Bankruptcy Code, which petition is not dismissed within 90 days, Licensee may elect to retain its right in the licenses granted in this Agreement, subject to the terms of this Agreement, in accordance with Chapter 3, Section 365(n) of the Bankruptcy Code. The licenses granted in this Agreement will be deemed licenses of "intellectual property" under Section 365(n) of the Bankruptcy Code.

12. NONASSIGNMENT/BINDING AGREEMENT. Neither this Agreement, nor any rights under this Agreement, may be assigned or otherwise transferred by Licensee, in whole or in part, whether voluntary, or by operation of law, including by way of sale of assets, merger or consolidation, without the prior written consent of ABT. ABT may assign all its rights and obligations under this Agreement in accordance with Section 11.2(d), or otherwise to an Affiliate of ABT. Any permitted assignee must agree in writing to be bound by all the terms and conditions of this Agreement. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. NON-SOLICITATION. Each party acknowledges and agrees that the technical and development employees and consultants of the other party are a valuable asset of such party and are difficult to replace. Accordingly, each party agrees that, for the Term and for a period of 2 years thereafter, it will not offer employment as an employee, independent contractor, or consultant to any such employee or consultant of the other party. In the event of a breach of the provisions of this Section 13, the parties agree that it would be difficult to determine the amount of actual damages that would result from such breach. The parties further agree that in the event of a breach of the provisions of this Section 13, the breaching party shall pay the non-breaching party liquidated damages of \$50,000 for each such breach, which is the parties' good faith estimate of the amount of damages to the non-breaching party from such breach.

14. NOTICES. Any notice, submission, or communication required or permitted under the terms of this Agreement, or required by law, whether or not so required elsewhere in this Agreement, must be in writing and must be: (a) delivered in person, (b) sent by first class registered mail, return receipt requested, or air mail, as appropriate, or (c) sent by overnight air courier; in each case

properly posted and fully prepaid to the appropriate address set forth below. Either party may change its address for notice by notice to the other party given in accordance with this Section 14. Notices will be considered to have been given at the time of the earlier of: (p) actual delivery in person, (q) the date of a receipt of such notice signed by an authorized representative of the party being notified, (r) the date of a written confirmation of receipt by the party being notified, or (s) 30 days after deposit in the mail as set forth above.

15. MISCELLANEOUS

15.1 FORCE MAJEURE. Neither party will incur any liability to the other party on account of any loss or damage resulting from any delay or failure to perform all or any part of this Agreement if such delay or failure is caused, in whole or in part, by embargoes, floods, acts of civil or military authority, fuel crisis, acts of God, strikes, lockouts, riots, acts of war, fires and explosions ("FORCE MAJEURE"), but the inability to meet financial obligations is expressly excluded. The time for performance will be extended for a period equal to the duration of the delay, but in no event longer than 90 days. If, as a result of a Force Majeure, a party is unable to resume performance within such 90 day period, the other party will have the right to terminate this Agreement.

15.2 NO WAIVER; AMENDMENT. Any waiver of the provisions of this Agreement or of a party's rights or remedies under this Agreement must be in writing to be effective. Failure, neglect, or delay by a party to enforce the provisions of this Agreement or its rights or remedies at any time will not be construed and will not be deemed to be a waiver of such party's rights under this Agreement and will not in any way affect the validity of the whole or any part of this Agreement or prejudice such party's right to take subsequent action. This Agreement may not be amended, except by a writing signed by both parties.

15.3 SEVERABILITY. If any term, condition, or provision of this Agreement is found to be invalid, unlawful or unenforceable to any extent, the parties shall endeavor in good faith to agree to such amendments that will preserve, as far as possible, the intentions expressed in this Agreement. If the parties fail to agree on such an amendment, such invalid term, condition or provision will be severed from the remaining terms, conditions and provisions, which will continue to be valid and enforceable to the fullest extent permitted by law.

15.4 ENTIRE AGREEMENT. This Agreement (including the Attachments hereto) contains the entire agreement of the parties with respect to the subject matter of this Agreement and supersedes all previous communications, representations, understandings and agreements, either oral or written, between the parties with respect to said subject matter.

15.5 NO CONFLICTING PROVISIONS. No terms, provisions or conditions of any purchase order, acknowledgment or other business form that either party may use in connection with this Agreement have any effect on the rights, duties or obligations of the parties under, or otherwise modify, this Agreement, regardless of any failure of the other party to object to such terms, provisions or conditions.

15.6 CONSENT. Unless expressly provided otherwise in this Agreement, any prior consent of ABT that is required before Licensee may take an action may be granted or withheld in ABT's sole and absolute discretion.

15.7 EXPORT RESTRICTIONS. Licensee understands that ABT is subject to regulation by agencies of the U.S. government, including, but not limited to, the U.S. Department of Commerce, which prohibit export or diversion of certain technical products to certain countries. Licensee warrants that it will comply in all respects with the Export Administration Regulations and all other export or re-export restrictions applicable to the Software and

Documentation licensed hereunder. Further, Licensee shall cooperate as requested by ABT to ensure compliance with any export restrictions or licenses relating to the Software and Documentation.

15.8 PRESS RELEASES. Neither party shall disclose to any third party the terms and conditions of this Agreement, except as required by the law, of any relevant jurisdiction, or to any securities exchange or regulatory authority or governmental body to which either party is subject, wherever situated whether or not the requirement has force of law, in which case the party making such disclosure shall take all such steps as are reasonable and practicable in the circumstances to agree upon the contents of such disclosure with the other party before marking such disclosure. Either party may disclose the terms and conditions of this Agreement to their respective legal or business advisors with a need to know acting under a duty of confidentiality. Notwithstanding the above, at a mutually agreed time, as soon as possible but no later than 30 days after the Effective Date, ABT and Licensee shall issue a mutually acceptable joint press release announcing the relationship contemplated by this Agreement.

15.9 RIGHTS AND REMEDIES. No exercise or enforcement by either party of any right or remedy under this Agreement will preclude the enforcement by such party of any other right or remedy under this Agreement or that such party is entitled by law to enforce.

15.10 COUNTERPARTS. This Agreement may be executed in counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement.

15.11 GOVERNING LAW. This Agreement will be interpreted and construed in accordance with the laws of the State of California and the United States of America, without regard to conflict of law principles and excluding the 1980 United Nations Convention on Contracts for the International Sale of Goods.

15.12 LANGUAGE. This Agreement is in the English language only, which language shall be controlling in all respects, and all versions hereof in any other language shall not be binding on the parties hereto. All communications and notices to be made or given pursuant to this Agreement shall be in the English language.

15.13 DISPUTE RESOLUTION.

(a) ESCALATION. If a dispute otherwise arises under this Agreement, it should be referred to the President of each of the parties for resolution, and such persons shall use their best

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efforts to resolve the matter for no less than 30 days. Any matter such persons are unable to resolve within such period may be submitted to the dispute resolution procedure set forth in Section 15.13 (b) or (c), as applicable.

(b) ARBITRATION. Any dispute or claim arising out of or in relation to this Agreement not resolved by Sections 15.13(a) must be settled by binding arbitration under the Rules of Conciliation and Arbitration of the International Chamber of Commerce as presently in force ("RULES") and by one arbitrator appointed in accordance with said Rules. Judgment on the award rendered may be entered in any court having jurisdiction thereof. The place of arbitration will be Orange County, California, U.S.A. Any monetary award must be calculated and denominated in U.S. dollars and the arbitration must be conducted in the English language. Notwithstanding the above, either party may apply to any court of competent jurisdiction for injunctive or equitable relief.

15.14 LEGAL EXPENSES. If there is a successful action by one party against the other party to enforce this Agreement or obtain damages as a result of any breach of this Agreement, then the prevailing party shall be entitled to recover from the other party, in addition to any damages, all costs and expenses incurred by the prevailing party in connection with the action, including reasonable attorneys' fees and court costs.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed

by duly authorized representatives on the dates set forth below.

AUTOBYTEL. EUROPE LLC ("ABT") ("Licensee")

By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____
Address: _____	Address: _____

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ATTACHMENT A

SOFTWARE:

The Software will include the following core business applications:

[TO BE PROVIDED AS APPROPRIATE FOR EACH NOC]

FEES[DESCRIBE THE FOLLOWING FEES:]

MINIMUM ANNUAL LICENSE FEE.

ADDITIONAL LICENSE FEES.

MAINTENANCE FEE.

INITIAL TRANSFER FEE.

DATA CENTER AND PRODUCT MANAGEMENT FEES:

The Autobytel.Europe concept has as one if its core tenets the ability to achieve pan-European cost leadership through centralizing both Data Center and Product Management functions. It is proposed that such centralization will reduce costs to the NOC's which, without such centralization, would be forced to re-create the same systems and support functions on a country by country basis.

A. THE FOLLOWING PROVIDES NON-EXHAUSTIVE EXAMPLES OF THE FUNCTIONS ASSIGNED TO THE DATA CENTER AND PRODUCT MANAGEMENT GROUPS:

Data Center

Coordinate IT communication on NOC's behalf with Autobytel.com

Receive initial software transfer for NOC's

Develop or cause to be developed necessary Localization, Derivative Works, Extensions, and/or Updates & Upgrades (such developments will be subject to additional charges)

Host all NOC websites

Provide additional customization requested by NOC's (such customization will be subject to an additional charge)

B. PRODUCT MANAGEMENT WILL BE PROVIDED FOR THE FOLLOWING ABT PRODUCT LINES:

[TBD]

The costs incurred to provide these support services, excluding senior management support and oversight, will be billed on a pro-rata basis to the NOC's (based upon vehicle registration or an alternative measurement standard agreeable to the NOC's). Provided, however, if the NOC has special service requirements, ABT will attempt to provide such services at an additional charge. The NOC's will, after the first year of operation, project their usage requirements for the various support functions and will submit these estimates to ABT. ABT, in turn, will consolidate the requests and will determine the appropriate staffing, systems, etc. that will be required to deliver such services to the NOC's. ABT will present the budget to each NOC, who, in turn will approve the budget for the following year. In the event the NOC's are unable to collectively agree on the budget, then the CEO of ABT shall decide the final budget after consultation with the board of ABT.

The parties shall negotiate in good faith any changes to the above terms that may be necessary as a result of any change in the Business Procedures.

ATTACHMENT B

[ATTACH BUSINESS PROCEDURES AS OF EFFECTIVE DATE]

ATTACHMENT C

[ATTACH BRANDING PROTOCOLS AS OF EFFECTIVE DATE]

ATTACHMENT D

[ATTACH SERVICES AGREEMENT]

ATTACHMENT E

[ATTACH ESCALATION PROCEDURES AS OF EFFECTIVE DATE]

ATTACHMENT F

DRT END USER LICENSE

DRT
DEALER REAL TIME ACCESS AGREEMENT

THIS AGREEMENT IS ENTERED INTO THIS _____, DAY OF _____ BETWEEN _____, AND _____, A(N) _____ LIMITED LIABILITY CORPORATION, WITH ITS PRINCIPAL PLACE OF BUSINESS LOCATED AT _____ ("LICENSEE").

WHEREAS, LICENSEE HAS EXECUTED AN AUTOBYTEL.COM INC. NEW CAR SUBSCRIPTION AGREEMENT AND/OR "USED CAR CYBERSTORE (TM)" SUBSCRIPTION AGREEMENT; AND

WHEREAS, LICENSOR HAS DEVELOPED AND OWNS THE RIGHT TO LICENSE CERTAIN PROPRIETARY SOFTWARE PROGRAMS COMMONLY REFERRED TO AS THE AUTO-BY-TEL DEALER REAL TIME (DRT) PROGRAM AS WELL AS RELATED INFORMATION AND DOCUMENTATION CURRENTLY RESIDING EXCLUSIVELY WITH LICENSOR; AND

WHEREAS, LICENSEE HAS REPRESENTED TO LICENSOR THAT THEY WILL PROVIDE FOR THEMSELVES A PERSONAL COMPUTER, AND CERTAIN ANCILLARY EQUIPMENT RELATED THERETO WHICH MEETS THE MINIMUM SPECIFICATIONS SET FORTH HEREIN (TOGETHER, THE "EQUIPMENT") FOR USE IN CONNECTION WITH DRT AND

WHEREAS, LICENSOR WILL PROVIDE DATA ACCESS, PROGRAM MAINTENANCE, UPDATING AND HELP-LINE TECHNICAL SERVICES TO LICENSEE TO ASSIST LICENSEE IN THE USE OF THE PROGRAMS;

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND PREMISES HEREIN RECITED AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES, INTENDING TO BE LEGALLY BOUND HEREBY, WARRANT, COVENANT AND AGREE AS FOLLOWS:

GRANT OF LICENSE. LICENSOR HEREBY GRANTS TO LICENSEE A NON-EXCLUSIVE, NON-TRANSFERABLE LICENSE TO ACCESS AND USE THE DRT PROPRIETARY PROGRAM AND ANY RELATED INFORMATION AND DOCUMENTATION SUPPLIED BY LICENSOR SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THIS AGREEMENT.

TERM OF THIS AGREEMENT: EXCEPT AS PROVIDED HEREIN, THE RIGHTS AND OBLIGATIONS CONFERRED BY THIS AGREEMENT SHALL RUN CONCURRENTLY WITH THE TERM OF THE ABT MASTER SUBSCRIPTION AGREEMENT EXECUTED BETWEEN THE PARTIES. LICENSOR MAY IMMEDIATELY TERMINATE THIS AGREEMENT IN THE EVENT OF A MATERIAL BREACH BY LICENSEE OF ANY PROVISION OF THIS AGREEMENT, OR ANY OTHER AGREEMENT BETWEEN LICENSEE AND LICENSOR OR ANY OF THEIR RESPECTIVE AFFILIATES, INCLUDING WITHOUT LIMITATION THE ABT MASTER SUBSCRIPTION AGREEMENT. EITHER PARTY MAY VOLUNTARILY TERMINATE THIS AGREEMENT UPON 30 DAYS' WRITTEN NOTICE TO THE OTHER PARTY. UPON TERMINATION OF THIS AGREEMENT FOR ANY REASON, LICENSEE SHALL PROMPTLY DISCONTINUE USE OF THE PROGRAMS, DELETE ALL COPIES OF THE DRT PROGRAM, IF ANY, IN WHATEVER FORM, RESIDING ON ITS COMPUTERS, STORAGE MEDIA AND/OR ON HARD COPY.

RIGHT OF USE. DURING THE TERM OF THIS AGREEMENT, LICENSEE SHALL HAVE THE RIGHT TO ACCESS THE DRT PROGRAM IN CONNECTION WITH THE INTERNAL OPERATION AND MANAGEMENT OF

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LICENSEE'S OWN BUSINESS. LICENSEE IS PROHIBITED FROM RESELLING OR OTHERWISE ALLOWING ACCESS BY THIRD PARTIES NOT AFFILIATED WITH LICENSEE'S AUTO DEALERSHIP BUSINESS.

LICENSE FEE. LICENSEE SHALL PAY LICENSOR THE INITIAL SUM OF _____ DOLLAR (\$ _____) AS CONSIDERATION FOR THE LICENSE GRANTED HEREUNDER.

MONTHLY ACCESS FEE. LICENSEE SHALL PAY LICENSOR A MONTHLY ACCESS FEE OF ONE HUNDRED AND FIFTY DOLLARS (\$150.00) AND BE ENTITLED TO AN ACCESS VIA UNIQUE PASSWORD(S) ALLOWING SIMULTANEOUS LOG-ON FOR A MAXIMUM OF TWO USERS PER SESSION.

SYSTEM REQUIREMENTS. DEALER SHALL PROVIDE AT THEIR OWN EXPENSE A PERSONAL COMPUTER AND RELATED EQUIPMENT THAT MEETS OR EXCEEDS THE FOLLOWING MINIMUM SPECIFICATIONS:

133 PENTIUM PROCESSOR; 32MB RAM; 33.6 MODEM (THE FASTER THE BETTER!); 2GB HARD DRIVE; WINDOWS '95; ISP (INTERNET SERVICE PROVIDER - IE: AT & T, NETCOM, MCI...); NETSCAPE NAVIGATOR WEB BROWSER SOFTWARE (VERSION 3.0 OR LATER).

TECHNICAL SUPPORT. LICENSOR SHALL MAINTAIN FOR THE BENEFIT OF THE LICENSEE A TECHNICAL SUPPORT HELP-LINE. LICENSOR SHALL ESTABLISH AND STAFF SUCH HELP-LINE WITH PERSONS KNOWLEDGEABLE ABOUT THE DRT PROGRAM. THE HOURS OF AVAILABILITY SHALL BE BETWEEN 6:00 A.M. AND 5:00 P.M. PST, EXCLUDING SATURDAYS AND SUNDAYS. TECHNICIANS WILL PROVIDE ASSISTANCE TO LICENSEE WITH RESPECT TO ACCESSING AND USING THE DRT PROGRAM ONLY. TECHNICAL ASSISTANCE AND SUPPORT REGARDING COMPUTER OR RELATED HARDWARE ARE BEYOND THE SCOPE OF THIS AGREEMENT AND WILL NOT BE PROVIDED BY LICENSOR. THE HOURS OF THE AVAILABILITY OF THE HELP-LINE ARE SUBJECT TO CHANGE AT THE SOLE DISCRETION OF THE LICENSOR.

COVENANTS OF LICENSEE. DURING THE TERM OF THIS AGREEMENT:

LICENSEE SHALL ADOPT AND ENFORCE SUCH INTERNAL POLICIES, PROCEDURES AND MONITORING MECHANISMS AS ARE NECESSARY TO ENSURE THAT THE DRT PROGRAM IS USED ONLY IN ACCORDANCE WITH THIS AGREEMENT AND THAT ALL STEPS NECESSARY TO ENSURE THAT NO PERSON OR ENTITY WILL HAVE UNAUTHORIZED ACCESS TO THE PROGRAMS ARE TAKEN.

LICENSEE SHALL NOT: ASSIGN, SUBLICENSE, LEASE, ENCUMBER OR OTHERWISE TRANSFER OR ATTEMPT TO TRANSFER THE DRT PROGRAM OR ANY PORTION THEREOF; PERMIT ANY THIRD PARTY OTHER THAN THE LICENSEE OR ITS AUTHORIZED AGENT ACTING IN BEHALF OF LICENSEE, TO HAVE ACCESS TO THE DRT PASSWORDS OR TO USE PROGRAMS, WHETHER BY TIMESHARING, NETWORKING, OR ANY OTHER MEANS; DUPLICATE, MODIFY, TRANSLATE,

REVERSE, ENGINEER, DECOMPILE OR DISASSEMBLE THE DRT PROGRAM; POSSESS OR USE THE PROGRAMS OR ANY PORTION THEREOF, OTHER THAN IN MACHINE READABLE OBJECT CODE; REMOVE ANY COPYRIGHT, TRADEMARK, PATENT OR OTHER PROPRIETARY NOTICES FROM THE DRT PROGRAM(S), OR ANY PORTION THEREOF WITHOUT THE EXPRESS WRITTEN CONSENT OF LICENSOR.

PROGRAM MODIFICATIONS: ONLY THE LICENSOR SHALL MAKE PROGRAM MODIFICATIONS. LICENSOR SHALL FROM TIME TO TIME PROVIDE UPGRADES AND/OR MODIFICATIONS TO THE DRT PROGRAM TO LICENSEE. LICENSEE SHALL ACCEPT ANY UPGRADES OR OTHER MODIFICATION MADE BY LICENSOR TO THE PROGRAMS.

NO WARRANTY. THE PROGRAMS ARE PROVIDED ON AN "AS-IS" BASIS. LICENSOR MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

LIMITATION OF REMEDIES. REGARDLESS OF WHETHER ANY REMEDY SET FORTH HEREIN FAILS OF ITS ESSENTIAL PURPOSE, IN NO EVENT WILL THE LICENSOR BE LIABLE THE DAMAGES TO THE LICENSEE FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR SIMILAR DAMAGES, INCLUDING ANY LOST PROFITS OR LOST DATA BEYOND THE ACCESS FEE PAID FOR THE MONTH IN WHICH THEY OCCURRED,

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ARISING OUT OF THE USE OR INABILITY TO USE THE DRT PROGRAM OR ANY DATA SUPPLIED THEREWITH.

PROPRIETARY DATA. LICENSEE ACKNOWLEDGES THAT THE PROGRAMS ARE PROPRIETARY TO LICENSOR AND THAT IT HAS (AND WILL HAVE) NO INTEREST THEREIN OR IN ANY MODIFICATIONS OR IMPROVEMENTS THERETO, AND HEREBY ASSIGNS TO LICENSOR ALL RIGHTS IN ANY SUCH MODIFICATIONS OR IMPROVEMENTS MADE BY OR ON BEHALF OF LICENSEE.

CONFIDENTIALITY. FOR THE PURPOSE OF THIS AGREEMENT, CONFIDENTIAL INFORMATION INCLUDES THE DRT PROGRAMS AND ALL OTHER INFORMATION PROVIDED BY LICENSOR MARKED "CONFIDENTIAL." INFORMATION SHALL NOT BE DEEMED CONFIDENTIAL INFORMATION AND LICENSEE AND LICENSEE'S EMPLOYEES SHALL HAVE NO OBLIGATION WITH RESPECT TO ANY SUCH INFORMATION IF SUCH INFORMATION: (A) IS OR FALLS INTO THE PUBLIC DOMAIN THROUGH NO WRONGFUL ACT OF LICENSEE OR THE LICENSEE'S EMPLOYEES; (B) IS RIGHTFULLY RECEIVED FROM A THIRD PARTY WHO IS WITHOUT RESTRICTION AND WITHOUT BREACH OF THIS AGREEMENT; (C) IS APPROVED FOR RELEASE BY WRITTEN AUTHORIZATION OF AN OFFICER OF LICENSOR; OR (D) IS DISCLOSED PURSUANT TO THE REQUIREMENTS OF A GOVERNMENTAL AGENCY OR OPERATION OF LAW.

SHOULD THE LICENSEE OR LICENSEE'S EMPLOYEES LEARN OF CONFIDENTIAL INFORMATION FROM LICENSOR OR ANY OTHER SOURCE, NEITHER LICENSEE NOR LICENSEE'S EMPLOYEES SHALL, AT ANY TIME DURING THE TERM, OR FOR ONE YEAR THEREAFTER, DISCLOSE SUCH INFORMATION TO ANY INDIVIDUAL, AGENCY, COMPANY OR OTHER ENTITY. LICENSEE SHALL NOT USE SUCH CONFIDENTIAL INFORMATION FOR LICENSEE'S OWN ADVANTAGE OTHER THAN AS PERMITTED BY THIS AGREEMENT.

BOTH PARTIES RECOGNIZE AND ACKNOWLEDGE THAT BREACH OF THIS SECTION 13 WOULD CAUSE IRREPARABLE INJURY INADEQUATELY COMPENSABLE IN DAMAGES. ACCORDINGLY, LICENSOR MAY SEEK AND OBTAIN INJUNCTIVE RELIEF AGAINST A BREACH OR THREATENED BREACH HEREOF, IN ADDITION TO ANY OTHER LEGAL REMEDIES THAT MAY BE AVAILABLE AT LAW OR IN EQUITY.

14. ASSIGNMENT. EXCEPT FOR ASSIGNMENTS TO AFFILIATES, PROVIDED EACH SUCH AFFILIATE AGREES TO BE BOUND BY THE TERMS HEREOF, LICENSEE MAY NOT, WITHOUT LICENSOR'S PRIOR WRITTEN CONSENT, ASSIGN ITS RIGHTS OR DELEGATE ITS OBLIGATIONS UNDER THIS AGREEMENT.

SEVERABILITY. IF ANY PROVISION OF THIS AGREEMENT SHALL BE HELD TO BE INVALID, ILLEGAL OR ENFORCEABLE, SUCH DETERMINATION SHALL IN NOR WAY ALTER OR IMPAIR THE VALIDITY, LEGALITY AND ENFORCEABILITY OF THE REMAINING PROVISIONS OF THIS AGREEMENT.

GOVERNING LAW. THE FORMATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE GOVERNED AND INTERPRETED IN ACCORDANCE WITH THE LAWS IN EFFECT IN THE STATE OF CALIFORNIA.

ENTIRE AGREEMENT. THIS AGREEMENT AND ITS PREAMBLE CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND

SHALL SUPERSEDE ALL PREVIOUS ORAL AND WRITTEN PROPOSALS, NEGOTIATIONS, REPRESENTATIONS, COMMITMENTS AND OTHER COMMUNICATIONS BETWEEN THE PARTIES. THIS AGREEMENT MAY NOT BE RELEASED, DISCHARGED, CHANGED OR MODIFIED EXCEPT BY A WRITTEN INSTRUMENT THAT IS SIGNED BY DULY AUTHORIZED REPRESENTATIVES OF EACH PARTY AND THAT EXPRESSLY INTENDS SUCH RELEASE, DISCHARGE, CHANGE OR MODIFICATION.

INDEPENDENT CONTRACTORS. NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR CONSTRUED BY THE PARTIES OR ANY THIRD PERSON TO CREATE A FRANCHISE, AGENCY, PARTNERSHIP OR JOINT VENTURE BETWEEN LICENSOR AND LICENSEE.

WAIVER. A FAILURE OF THIS LICENSOR TO ENFORCE AT ANY TIME ANY PROVISION OF THIS AGREEMENT SHALL IN NO WAY AFFECT THE FULL RIGHT OF THE LICENSOR TO ENFORCE SUCH PROVISION AT ANY TIME THEREAFTER.

GOLD TERM SERVICES AGREEMENT

WELCOME to autobytel.com inc.'s family of accredited motor vehicle dealers. This Agreement is entered into by and between autobytel.com inc., a Delaware Corporation, with its principal place of business at 18872 MacArthur Blvd., Irvine, California 92612 ("ABT" or "Us" or "We" or "Our") and [LEGAL_NAME], a(n) [INC_ST] [ENTITY] dba [DBA] with its principal place of business at [ADDRESS], [CITY], [ST] [ZIP] ("Dealer" or "You" or "Your"). (ABT and Dealer, each a "Party" hereunder are sometimes collectively referred to herein as the "Parties.")

In consideration of the following mutual promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ABT and Dealer, on their own behalf and on behalf of each of their "d.b.a." operation(s) set forth in Appendix "A" attached hereto, intending to be legally bound hereby, warrant, covenant and agree as follows:

I. OUR COMMITMENT TO YOU:

1. ABT promises to provide an Internet-based marketing program and Online services to attract potential purchasers to <http://www.autobytel.com>, (THE "WEBSITE"); The term Purchase Request(s) as utilized in this Agreement, refers to vehicle purchase or lease referral requests originating from the Website. Nothing in this section shall be construed to include direct vehicle orders or locating services.
2. ABT promises to use reasonable efforts to promptly forward to You information regarding an identified potential purchaser whose purchase/lease request originating through the Website from within Your assigned Primary Market Area (PMA);
3. ABT promises to provide You with technical support during regular business hours (Pacific Standard Time) to assist You and/or Your representative(s) in the use of Our products and services. Except where otherwise informed by the technical support staff at the time services are requested, this service is included in your monthly subscription fees. As some services require substantial time and effort to complete, ABT reserves the right to institute supplemental charges for some services without prior notification;
4. We promise to provide consumers with assistance and support through Our Customer WOW! Program, during normal business hours (Pacific Standard Time);
5. We agree, subject to individual state law restrictions, to continue to develop, maintain, and enforce uniform Customer Service Standards that will be implemented by Our subscribing dealers. To meet such a commitment, ABT reserves the right to amend the Customer Service Standards from time to time to modify, eliminate or impose additional Customer Service Standards as the law or the changing business climate may dictate;
6. We promise to promptly notify Dealer in writing of any revisions to the Customer Service Standards outlined herein. We will not impose amendments or additions to Our Customer Service Standards unless they are applied to all subscribing dealers within Your state;
7. We promise to use reasonable efforts to effectively communicate mutually beneficial information relating to the ABT products and services provided during the term of this Services;
8. ABT shall use its reasonable efforts to provide prompt transmission of data to Dealer. Except as otherwise provided for in paragraph I (16) below, ABT shall not be liable for any loss of data, delays or errors in transmitting data or any loss of business due to electrical power source failure, telephone transmission failure, unforeseen criminal acts of others, Natural Disaster, acts of God, or any other conditions beyond our control.
9. We are responsible to maintain Our own equipment at Our sole expense and will assume all responsibility for loss, damage, and maintenance to Our own equipment;
10. We hereby grant to You a nonexclusive, non-transferable license that will allow up to two simultaneous users to access Our proprietary Dealer Real

Time (DRT) information communications system to receive Purchase Requests;

11. NEW VEHICLE EXCLUSIVE PRIMARY MARKET ASSIGNMENT ("PMA"): You have been assigned an exclusive market area for the subscribed new vehicle franchises of [FRANCHISES]. This exclusive area effects new vehicle Purchase Requests originating from Our Website only. The U.S. Postal Code description of this PMA assignment is set forth in Exhibit "A" attached to this Agreement and incorporated herein by this reference. ABT has sole and complete authority to define Your PMA. Except in the case of a holdover as set forth in paragraph 13 below, Your exclusive PMA will remain in effect for six (6) months without the possibility of adjustment except by the mutual consent of both . ABT reserves the right to conduct a market representation study to determine the effectiveness of Your PMA during the term of this Agreement. ABT in their sole discretion may use the results of these studies to among other things, evaluate the market value of Your PMA and Your effectiveness in servicing purchase requests from Your PMA. ABT reserves the right to adjust Your PMA should the U.S. Postal service make any changes to the zip codes represented or as necessary following a market study. ABT will provide You with not less than thirty-(30) days written notice of the pending change; ABT shall not be held liable for any unnoticed changes in Your PMA as a result of U.S. Postal Service mandated zip code alteration(s).
12. TERM: This Agreement shall be for a term of twelve (12) months, unless terminated earlier pursuant to section Section I (13) or II 20. Upon the consent of ABT this Agreement may be extended at twelve (12) month intervals, up to a maximum of five (5) successive terms . All renewal confirmations and consent by ABT shall be evidenced in writing and delivered to Dealer in accordance with section III 4. In the event services are continued without written extension, this agreement and all non-conflicting terms therein shall be deemed as a holdover contract and extended on reoccurring a month-to-month basis until terminated by either party or by breach of any part of this Agreement.
13. ABT MAY TERMINATE THIS AGREEMENT:
 - a) immediately for any breach of this Agreement by You which is not cured within ten (10) days after You receive written notice of the breach from Us;
 - b) immediately if any fees due ABT under this Agreement are unpaid and outstanding more than thirty (30) days after ABT makes a written request for payment;
 - c) immediately, if Dealer is guilty of willful misconduct in the performance of its duties under this Agreement;
 - d) immediately upon a finding of Dealer's violation of state or Federal law or conviction for such violation, whether administratively, civilly, or criminally;
 - e) Immediately upon discovery of Dealers' sale or transfer of all or substantially all of its dealership assets and/or management and control.
 - f) immediately if an order for liquidation against You is entered and not stayed in a bankruptcy proceeding;
 - g) upon sixty (60) days (30 days in the case of a holdover term) written notice to You.
14. TAXES: We shall be responsible for paying all taxes imposed upon Us by reason of the compensation paid to Us for providing services to You under this Agreement.
15. INDEMNIFICATION: We promise to indemnify and hold harmless You and Your subsidiaries and/or affiliates and Your respective members, managers, directors, officers, employees, and agents against any and all losses, liabilities, claims, awards, damages, judgments, settlements, and costs, including fees and expenses, arising out of or related to Our negligence or wrongful conduct, or arising out of any third-party claim. In the event We are served with notification of action or suit against You, We will promptly notify You of such claim.

We promise to defend at Our sole cost and expense, all such claims, actions, lawsuits, or proceedings. In all events, You, in your sole discretion, shall

have the right to participate in the defense of any such action through counsel of your own choosing at Your sole expense. In the event We are served with notification of action or suit against You, We promise to promptly notify You of such claim(s), and Dealer, in Your sole discretion, shall defend all such actions or suits through counsel of Your own choosing.

II. YOUR COMMITMENT TO US:

1. At all times during the term of this Agreement, You and/or Your designated representatives will abide by the terms of this Agreement and will perform the duties as set forth herein, in accordance with the terms of this Agreement.

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2. Your Dealer Principal and General Manager will actively participate in the application, implementation, and operation of the ABT service system within the dealership(s).

3. You understand and agree that You are responsible for all internal costs, if any, associated with implementation of Our systems and services within Your facilities.

4. You will dedicate at least one (1) key employee to be responsible for the new vehicle program and at least one (1) key employee to be responsible for the Certified Pre-Owned CyberStore program, if so elected. This person(s) will be empowered to act as a liaison between ABT and Dealer. This person(s) shall be referred to as the "ABT Manager." You promise to notify Us in writing within ten (10) days with the identity of any newly designated ABT Manager.

5. You will make Your ABT Manager(s) available to Us for training upon reasonable request and notice, Your Dealer Principal and General Manager agree to participate in at least one (1) ABT-U Basic Training program or other similar program affiliated with ABT, offered by ABT either at the Dealer's facility or at an offsite facility offered by ABT, within One Hundred Twenty (120) days from the date of this Agreement. ABT shall reserve for You, free of tuition costs, two (2) seats for ABT Manager Training and one seat per Dealer Manager per franchise per year at an ABT-U Basic Training course or other similar program affiliated with ABT. Additional seats may be purchased at a cost of Two Thousand Five Hundred Dollars (\$2,500.00) per seat. Dealer will ensure that each ABT Manager will attend at least one ABT Phone Training Session prior to activating our services and (1) ABT-U Basic training course or other similar program affiliated with ABT within ninety (90) days from the date of this Agreement. Dealer understands that ABT will not forward Purchase Requests under this Agreement until such time as The ABT Manager Phone Training has been completed. ABT may suspend Purchase Requests in the event all ABT-U Basic Training or other similar program affiliated with ABT has not been completed by the qualified ABT Manager(s), Dealer, and GM within the time frames stated herein. Until such time as Dealer's compliance with this term has been confirmed by ABT, ABT is hereby granted express authority and permission to re-route any Purchase Requests received from Dealer's PMA to the nearest qualified ABT subscribing dealer or in the alternative, a manufacturer for the vehicle type requested with whom ABT has a business relationship for secondary marketing of the subject vehicle make, without prior notice to Dealer.

6. You will set aside and designate a work area within Your dealership wherein the ABT Manager(s) may perform his/her/their duties under this Agreement.

7. When working with each Purchase Requester provided to You through Our service system, You will, at all times, act in good faith and in accordance with state and federal laws.

8. You promise to reasonably participate in ABT's program offerings, including any programs or services developed in the future.

9. CUSTOMER SERVICE STANDARDS:

A Dealer shall contact one hundred percent (100%) of the Potential Purchasers within one (1) business day of Dealer's receipt of the

inquiry from ABT. ABT retains the right to re-route to another accredited ABT dealer, at any time, any Purchase Requester(s) not contacted by You, without prior notice; and

- B Dealer's initial response shall be by telephone or e-mail and shall confirm receipt of the Purchase Request. Dealer shall at the same time, but in no event more than two (2) business days following receipt of the Purchase Request, disclose all of the following information (the "Dealer Information"):
- a) the availability of the vehicle inquired about;
 - b) the manufacturer's suggested retail price (MSRP) of the vehicle;
 - c) availability of all requested options;
 - d) the complete price that You will sell or lease the vehicle to the Potential Purchaser, including all options requested, preparation fees, destination fees and/or advertising costs or charges not otherwise included in the vehicle price;
 - e) all relevant financing terms and conditions which may apply to the purchase or lease transaction requested;
 - f) all other terms, costs and conditions required by law to be disclosed to prospective purchasers; and
 - g) ABT retains the right to re-route any Purchase Request(s) to another accredited ABT Dealer in the event the information called for in this section II(9)(B) are not completely disclosed to a Purchase Requester(s).
- C You agree to maintain an Overall Satisfaction Index (OSI) score as measured by ABT at a level that is equal to or above the regional average for comparable make dealers in Your PMA area. OSI is a quarterly scoring method which measures and ranks performance by comparing Dealer's average Purchase Request contact ratio, actual sales completed from Purchase Requests provided, the number of finance transactions completed through ABT, and customer service ratings as provided by customer surveys, with those of other similarly situated Dealers within a region. ABT in their sole discretion may extend the term of this Gold Term Services Agreement as specified in Section Section I(12) herein.
- D You promise that all Dealer Information, including the price, that You transmitted to a Potential Purchaser shall be valid and be binding on Dealer for a period of seven (7) days after its transmittal, provided the identified vehicle still remains available for sale. If You relied on a manufacturer sponsored program when quoting Your pricing, terms, incentives or availability of vehicles, the time period in which the Dealer Information must be valid shall coincide with the termination date of the Manufacturer's program or seven (7) days, whichever is less. If the offer time is less than seven (7) days for the above reason, You promise to include a statement in the Dealer Information informing the Prospective Purchaser of any reduction in the time period as set forth above. You agree that any claim for damages or loss arising out of Your failure to inform Potential Purchasers of all Dealer Information required by this section shall be borne solely by You and not ABT.
- E Unless otherwise agreed to in writing between the Parties hereto, You promise to adopt and abide by revisions to any Customer Service Standard no later than thirty (30) days following notification of a change, even though they may require additional work or expense to implement.

10. You promise to use reasonable efforts to effectively communicate to ABT mutually beneficial information relating to the ABT products and services provided during the term of this Services.
11. You agree to update, on a weekly basis, Your sales data in the Dealer Real Time(R) System indicating the number and names of Potential Purchasers who purchased or leased vehicles from You through Our system. You agree to

include in Your data, the number of those vehicles financed and amount financed and such other related data as may from time to time be requested.

12. You agree to provide at Your own expense, dedicated access to an IBM compatible personal computer with Internet access and related equipment that meets or exceeds the minimum specifications published from time to time, by ABT. You are solely responsible for ensuring that your computer system is in compliance with all-relevant "Year 2000" specifications. Upon request, you agree to provide Us with written assurances regarding your compliance with this provision.
13. In addition to the personal computer outlined above, You agree to provide at Your own expense, a dedicated workstation that is at a minimum, comprised of a desk, a compatible printer, telephone, and other office supplies and equipment as may be necessary to receive and properly implement at Your dealership, the services contemplated by this Agreement.
14. You are responsible to maintain Your own equipment at Your sole expense and will assume all responsibility for loss, damage, and maintenance to Your own equipment.
15. You understand that ABT services are free of charge to a Purchase Requester. You or any employee/agent of You, are expressly prohibited from representing to any Purchase Requester, in any manner, either orally or in writing, the existence of any charge or fee to be paid to You or to You on behalf of ABT by reason of their using Our services to facilitate the Purchase or Lease of any vehicle from You.
16. DEALER REAL TIME SYSTEM(U.S.PAT.PEND.) (DRT): You agree to actively utilize the DRT information system in the daily implementation of the services contemplated by this Agreement. As an express condition of the license hereby granted to You by ABT, You are prohibited from reselling, loaning or otherwise sharing the use of Your password with anyone not subject to this contract.

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17. CERTIFIED PRE-OWNED CYBERSTORE (R) PARTICIPATION ELECTION (OPTIONAL): Your participation in Our Pre-Owned vehicle program is optional and there is an additional charge for this service. The terms and conditions of Your participation in this program are set forth separately in Appendix "B" attached to this Agreement and incorporated herein by this reference.
18. AFTERMARKET ACCESSORIES (OPTIONAL): Your participation in Our Aftermarket Accessory program is optional and there is an additional charge. If you are electing to participate in this program at this time, the terms and conditions of Your participation in this program are set forth separately in attached Appendix "C" to this Agreement and incorporated herein by this reference.
19. COMPENSATION TO ABT: You promise to pay ABT a monetary fee for services rendered as follows:

[SIGN_UP_FEE_WRITTEN] ([SIGN_UP_FEE_]) as an initial start-up fee which You paid at the time of your original application for services. Of this fee, [DRT_LIC_FEE_WRITTEN] ([DRT_LIC_FEE_]) has been allocated to the DRT initial start-up fee. As additional ongoing consideration, You agree to pay ABT the amount of [MONTHLY_FEE_WRITTEN] ([MONTHLY_FEE_]) as a total monthly Services fee, which is due and payable in advance on the first day of every calendar month. The total monthly amount due shall be allocated as follows: DRT Access Fee, [DRT_MONTHLY_]; Certified Pre-Owned CyberStore [UCC_MONTHLY_], and [MAKE_1], [MAKE_1_MONTHLY_] [MAKE_2] [MAKE_2_MONTHLY_] [MAKE_3] [MAKE_3_MONTHLY_] [MAKE_4] [MAKE_4_MONTHLY_] [MAKE_5] [MAKE_5_MONTHLY_] [MAKE_6] [MAKE_6_MONTHLY_] [MAKE_7] [MAKE_7_MONTHLY_]

For the purpose of this agreement the term "services" shall mean the forwarding of the Purchase Requests only by ABT to Dealer. Services are deemed rendered at the time a Purchase Request is forwarded by ABT to Dealer, and is not contingent upon an actual sale being consummated. The amount of fees charged for your Services is determined by several factors,

including but not limited to your geographical location, the franchise make of vehicle you offer through this Service, population concentrations, per capita vehicle registrations for your PMA, and ABT's Seasonal Annual Adjusted Rate (SAAR) percentage share of national retail vehicle sales for the year in question. ABT, in Our sole discretion, may change the amount of the fees charged to You upon thirty-(30) days prior written notice. The parties agree however, that in no event shall more than two (2) increases be made to the amount of the fee within the initial twelve-(12) month period. ABT however, reserves the right to change the structure, method and/or basis of the fee at any time during the term of this Agreement and any extensions thereof including, without limitation, charging a fee per Purchase Request or changing the structure to combine a flat service fee and a per Purchase Request fee billing format. Any of the foregoing changes shall be effective upon thirty-(30) days written notice to You and shall NOT require an affirmative response or any further action by the parties. The parties hereto agree that a change to the fee structure shall not count as a change in the amount of the fee for the purposes of this section or section II(20)(f) below. Payments received more than thirty (30) days following the invoice date shall be subject to a late fee of \$25.00 and shall incur interest charges on the balance due at an annual percentage rate of eighteen (18.0%) percent per annum. ABT reserves the right to suspend services for any payment sixty-(60) days or more past due until the account is brought current.

The first month's total fee and initial sign-up fee is due and payable concurrently with the execution of this Agreement, receipt of which is hereby acknowledged. All fees paid to ABT under this Agreement are deemed earned upon the execution of this Agreement or delivery of services whichever occurs first. All fees paid to ABT pursuant to this Agreement are non-refundable regardless of circumstances.

20. DEALER MAY TERMINATE THIS AGREEMENT :

- a) immediately, if an order for liquidation against ABT is entered and not stayed in a bankruptcy proceeding;
- b) immediately, if ABT is guilty of willful misconduct in the performance of its duties under this Agreement; or
- c) immediately for any breach of this Agreement by US which is not cured within ten (10) days after You provide written notice of the breach to Us; or
- d) immediately upon a finding of ABT's violation of state or Federal law or conviction for such violation, whether administratively, civilly, or criminally;
- e) upon thirty (30) days written notice in accordance with Section Section III(4) of this Agreement following the effective date of any adjustment in Dealer's PMA pursuant to Section Section I(11) of this Agreement;
- f) upon thirty (30) days written notice in accordance with Section Section III (4) of this Agreement following the effective date of any increase in Dealer's monthly Services fee pursuant to Section Section II(19) of this Agreement;
- g) for all new vehicle programs, for any reason on or after the last day of the sixth (6) month from the date of this Agreement, upon thirty (30) days written notice in accordance with Section Section III(4) of this Agreement. Cancellation prior to the last day of the sixth month of the subscription shall be accepted only upon the written consent of ABT and full payment of the monthly subscription fees charged from the date of cancellation to the sixth month anniversary.
- h) Certified Pre-Owned Cyberstore can be canceled at any time with 30 day written notice.
- i) under any of the circumstances above, You shall remain responsible for all fees due and payable up through the effective date of the cancellation.

21. TAXES: You are solely responsible for paying all taxes (local, state and federal) imposed as a result of the sale or lease of any vehicle(s). In the

event We are required to collect and/or pay any taxes by reason of a consumer's purchase or lease of a vehicle from You through the services ABT provides to You, You agree to promptly reimburse Us for those taxes We were required to pay within ten (10) days following receipt of written notification from ABT.

22. INDEMNIFICATION: You promise to indemnify and hold harmless ABT and Our subsidiaries and/or affiliates and Our respective members, managers, directors, officers, employees, and agents against any and all losses, liabilities, claims, awards, damages, judgments, settlements, and costs, including fees and expenses, arising out of or related to Your negligence or wrongful conduct, or arising out of any third-party claim. In the event You are served with notification of action or suit against ABT, You will promptly notify ABT of such claim.

You promise to defend at Your sole cost and expense, all such claims, actions, lawsuits, or proceedings. In all events, ABT, in Our sole discretion, shall have the right to participate in the defense of any such action through counsel of Our own choosing at Our sole expense. In the event We are served with notification of action or suit against You, We promise to promptly notify You of such claim(s), and You, in Your sole discretion, shall defend all such actions or suits through counsel of Your own choosing.

III. GENERAL TERMS & CONDITIONS:

1. WARRANTY LIMITATION: ABT does not guarantee or warranty the performance of the services provided hereunder including but not limited to the number of Purchase Requests or vehicle sales/leases Dealer may receive from Our service. You specifically waive all warranties, expressed or implied, arising out of or in connection with the services to be provided by ABT hereunder. Specifically excluded are all warranties, expressed or implied, including but not limited to, merchantability and fitness for a particular purpose. In no event shall ABT be liable for any loss of business profits or for any consequential, incidental, punitive or similar damages, or for any third-party claims of damages, even if advised of the possibility of such damages.
2. NO WAIVER: The failures of either Party to exercise in any respect any right provided for herein shall not be deemed a waiver of any right hereunder.

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3. INDEPENDENT CONTRACTOR ARRANGEMENT. The relationship created by this Agreement between ABT and Dealer is intended to be and shall for all purposes hereunder be considered as an independent contractor. Nothing contained in this Agreement and/or any Appendices or Amendments hereto shall be construed as intending, creating or constituting a franchise, partnership, agency, or joint venture between ABT and Dealer.
4. NOTICES: All notices and requests in connection with this Agreement and/or any Appendices and/or Amendments hereto shall be given or made upon the respective Parties in writing signed by an officer or other dually authorized agent of the corporation and shall be deemed given by any of the following means 1) on the day deposited in the U.S. mail, postage prepaid, and addressed as designated at the top of this Agreement, or to such address as the Party to receive the notice or request so designates by written notice to the other. 2) by Facsimile which shall be deemed received on the day sent when a confirming notice from the sending facsimile machine has been generated. Or 3) by overnight delivery service or courier, which shall be deemed received on the day of physical delivery.
5. ASSIGNMENT: This Agreement and the rights and duties hereunder, including any Appendices or Amendments hereto shall not be assignable by Dealer, except upon written consent of ABT. This Agreement and the rights and duties hereunder shall be assignable by ABT without restriction upon ten (10) days written notice to Dealer.
6. PRESS RELEASES: Unless We agree in writing to the contrary, You are prohibited from issuing any press release(s) or making any public announcement(s) regarding Your business relationship with ABT or ABT's services or programs provided to You. You may however, make references to

Your affiliation with autobytel.com inc. in any advertisement published by You for Your own benefit.

7. **GOVERNING LAW AND JURISDICTION:** This Agreement and the performance hereunder shall be governed and construed in accordance with the laws of the State of California. Any dispute or claim arising between the Parties hereto brought by Dealer against ABT shall be brought in a court of competent jurisdiction within the state of California, in and for the county of Orange. Any dispute or claim arising between the Parties hereto brought by ABT against Dealer shall be brought in a court of competent jurisdiction within the state and county in which the Dealership resides.
8. **ATTORNEY FEES AND COSTS:** In the event any action shall be instituted to resolve a dispute between the Parties regarding this Agreement or to enforce the terms of this Agreement, the prevailing Party in such action shall be entitled to reasonable attorneys fees and costs incurred as a result. As used in this section, the word "action" includes but is not limited to any act requiring legal counsel involvement up to and including a formal litigation filed in a court of competent jurisdiction.
9. **CONFIDENTIALITY:** Each of the Parties hereto, on behalf of themselves and their employees, agree to keep all non-public information gained as a result of the business dealings contemplated in this Agreement confidential. Each Party may however, use such confidential information for their internal use only to further their performance under this Agreement. Dealer understands and agrees that the sale or unauthorized use or disclosure of any trade secrets or other confidential information, including but not limited to private information provided by Purchase Requester constitutes theft and will greatly damage ABT and is prohibited unless consented to in writing by the purchase requestor. Dealer shall not impart ABT's services or the concept thereof to any person or entity other than Dealer's key employee(s) without the previous written consent of ABT. ABT reserves the right to transmit pertinent vehicle information to consumers making inquiries concerning the terms of purchase and financing or leasing of motor vehicles. Notwithstanding the foregoing, if either Party is required to produce any such information by order of any government agency, court of competent jurisdiction, or other regulatory body, it may, upon not less than five-(5) days written notice to the other Party, release the required information.
10. **TITLE TO SYSTEM, TRADEMARKS:** To the extent permitted by law, the services to be provided under this Agreement and any Appendices or Amendments are proprietary to ABT, and title thereto remains in ABT. All proprietary title and rights held by ABT extends to any extension of this Agreement and any Appendices and Amendments, together with all copies thereof. All applicable rights to patents, copyrights, trademarks, and trade secrets in the System and in the name "Autobytel.com" and its logo, now and in the future, belong exclusively to ABT. Any and all trademarks and service marks associated with ABT are and shall forever remain the exclusive property of ABT. Upon the written consent of ABT, Dealer is permitted to use the trademark and service mark for inclusion on business cards, and media advertisements that communicate Your association with ABT. You may request, in writing, a copy of ABT's logo, trademarks, artwork, and other printed material for use in Your advertisements. This authority to use ABT's name, logo, and other artwork is revocable at any time by ABT. ABT reserves the right to review such uses and if determined to be abusive of this privilege, revoke Your permission to use the trademark in the future.
11. **CONTROLLING AGREEMENT:** This Agreement and all Appendices and Amendments hereto supersedes any and all Agreements, oral or written, between the Parties, and contains all of the representations, covenants, and Agreements between the Parties with respect to services described in this Agreement. Each Party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any Party, or anyone acting on behalf of any Party, which are not contained in this Agreement and/or any Appendices and/or Amendments hereto. No other agreement(s), statement(s), or promise(s) not contained in this Agreement or Appendices or Amendments hereto will be valid or binding.
12. **MODIFICATIONS TO AGREEMENT:** Except where otherwise set forth in this Agreement, all modifications or amendments to this Agreement shall be in writing, properly noticed in accordance with the notice provisions of this Agreement. Any amendment, change or modification of this Agreement will be effective only when in writing and signed by the Party to be charged. Such signature shall not be unreasonably withheld by the Party to be charged and shall be returned to the maker not more than ten (10) calendar days after

the jurisdiction where Dealer is located, and as a minimum will be for a duration of not less than Three (3) months or 3,000 miles, whichever comes first. The warranty will cover all mechanical and safety systems required by law as well as any additional vehicle systems You specifically promise to cover in Your warranty documentation. Dealer will provide each Purchase Requestor a written document at the time of contracting that explains in detail, the terms and conditions of Your warranty on the vehicle being purchased or leased. Dealer will indemnify ABT for any third-party claims arising under any warranty. Nothing in this section shall be interpreted as preventing dealer from purchasing independent warranty coverage from a legitimate third party provider as long as the terms and conditions shall meet or exceed the minimum requirements set forth herein and on the ABT Website.

(ii) VEHICLE PRICING: Dealer will provide prices ("Posted Prices") and vehicle information for display on the ABT Website of all vehicles posted to the Certified Pre-Owned CyberStore(R). Dealer agrees to price vehicles competitively within the market region in which they are located and to honor those prices as required by law. Dealer agrees and assumes all responsibility for educating dealership staff and sales personnel of the amount and duration of the advertised prices. Dealer, and not ABT, shall be solely responsible for the quality and accuracy of such information. ABT reserves the right to monitor the quality of the photos and information submitted. Dealer shall promptly correct any information or photo(s) deemed by ABT to be inaccurate or below necessary quality levels set forth in this Agreement. If Dealer fails to correct such photo image(s) or information within 72 hours of ABT's written notification thereof, ABT may remove the photo image(s) and/or information from its Website.

(iii) VEHICLE RETURN POLICY: Except where expressly prohibited by law, Dealer will offer, in writing, a return option allowing a purchaser to return a vehicle to Dealer within 72 hours or 300 miles, whichever comes first. Provided there has been no damage to the vehicle, Dealer will refund 100% of the amount paid by the purchaser to the Dealer for the vehicle. In the event the vehicle is returned damaged, where permitted by state law, Dealer may withhold from the purchase price refund that amount that Dealer can prove was actually expended to repair the vehicle. Any tax or licensing charges as a result of withholding these funds shall be the sole responsibility of Dealer. Dealer will provide each purchaser the name and phone number of the Dealer employee to contact to exercise the repurchase option. Dealer will facilitate the purchaser's exercise of the option in good faith, and will use its reasonable efforts to maximize the purchaser's satisfaction with the repurchase experience. Dealer agrees to refund all amounts due to the purchaser within ten (10) business days. Nothing in this section shall prohibit the exchange of a vehicle for another vehicle of equal or greater value provided dealer and Purchaser shall mutually agree to such exchange.

(iv) OUT OF AREA REPAIRS: Dealer will participate in the emergency repair system established by ABT. Nothing in this section shall be construed to prohibit Dealer or Purchase Requestor from abiding by the terms and conditions set forth in a third party provider warranty so long as terms and conditions of the Warranty coverage do not fall below the minimum standards set forth under this Agreement. Absent any third party coverage to the contrary, during the warranty period, the emergency repair system allows a purchaser of a Certified Pre-Owned CyberStore(R) vehicle who is more than 100 miles from their residence and encounters a situation where the vehicle is not operational (i.e. cannot be driven), to contact the nearest Certified Pre-Owned CyberStore(R) Dealer (the "Repairing Dealer") and have the Repairing Dealer perform any warranted service or repair. The Repairing Dealer or the Purchase Requestor must contact the dealership where the purchaser acquired the vehicle (the "Selling Dealer") prior to any repairs being performed and obtain authorization to repair the vehicle from the Selling Dealer. For covered items other than those that disabled the vehicle, the owner should return to the Selling Dealer. Where acceptable independent third party warranty coverage is not available to the Purchase Requestor, in the interest of customer satisfaction and improved inter-dealer relations, the resulting repair charges should be calculated on a negotiated basis between the involved dealers but in no event shall such costs to the selling dealer exceed an internal basis of "cost plus 25%" for parts and labor in all states, except for those states with higher mandates, in which states the applicable law will govern. In the event of a "major" repair (i.e. engine or transmission), the Selling Dealer will have the option of providing alternate transportation to the customer, retrieving the affected unit, and repairing the vehicle at the Selling Dealer's service location.

3. DIGITAL IMAGES

For each vehicle posted to the Certified PreOwned CyberStore(R), Dealer

shall publish one digital image together with relevant information in accordance with this Agreement. Dealer may publish an unlimited number of used vehicle images on the Certified Pre-Owned CyberStore(R). Dealer shall produce such images in accordance with the specifications and guidelines set forth in Paragraph 5 below. Placement of new vehicle images on the Certified Pre-Owned CyberStore(R) is prohibited.

4. DIGITAL CAMERAS

At all time herein, Dealer shall provide and use a digital camera of the make and type compatible with ABT's computerized image uploading characteristics. In the event dealer does not own a digital camera, ABT shall provide one for dealer's use. In circumstances where ABT has provided dealer with a digital camera, if Dealer shall cancel this Agreement before the sixth (6th) month anniversary and only in such event, Dealer shall promptly pay ABT the sum of Six Hundred Dollars (\$600.00) in exchange for such camera. ABT will not accept a return of the camera in lieu of such payment unless the camera is returned unused, with its original packaging intact.

5. SPECIFICATIONS AND GUIDELINES

All vehicles placed on the Certified Pre-Owned CyberStore(R) shall be no more than seven (7) model years in age and have legitimate operating miles of 75,000 miles or less. All vehicle images shall (i) contain the vehicle as the sole subject matter of the image, and shall not contain any people, images of people, graphics, photos, artwork, overlays, signs, numbers, banners, balloons or any form of visual advertisement, or any other image that would have the effect of distracting from the vehicle; (ii) be side or angular photographs; and (iii) be true and correct images of the vehicle, without retouching, modification, manipulation, or enhancement. ABT reserves the right to eliminate, without prior notice to Dealer, any vehicle image from the Certified Pre-Owned CyberStore(R) that does not meet the above criteria. Dealer and not ABT shall be solely responsible for any loss or damage to ABT or third parties resulting from dealer's failure to comply with the terms of this section.

Accepted: [LEGAL_NAME]

Dealer Principal: _____ Date: _____
[AA_1ST_NAME] [AA_LAST_NAME]
[AA_TITLE]

ATTENTION DEALER: THIS IS A SUGGESTED SAMPLE USED VEHICLE BUYERS GUIDE FORM. OTHER THAN THE DURATION AND MILEAGE REQUIREMENT, THE SELLING DEALER SETS THE ACTUAL TERMS OF THE WARRANTY. PLEASE USE FTC APPROVED FORMS THAT INCLUDE ALL STATE-MANDATED DISCLOSURES, ETC.

FRONT SIDE OF FORM

LIMITED WARRANTY

___FULL X LIMITED WARRANTY.

The dealer will pay 100% of the labor and 100% of the parts for the covered systems that fail during the warranty period. See reverse side of this form for the explanation of warranty coverage, exclusions, and the dealer's repair obligations.

SYSTEMS COVERED: Duration:

Engine	Power steering	90 days or 3000 miles
Transmission	Power brakes	whichever occurs first.
Transaxle	Air Conditioning	
Drive line	Electrical	Rear end

*See below for systems and parts coverage.

TRAVEL REPAIR PROVISION. Absent independent third party warranty coverage to the contrary, a vehicle purchased through the Certified Pre-Owned CyberStore(R) that becomes inoperative when traveling over 100 miles from the originating dealer will be eligible for repair at Autobytel.com accredited dealerships. Travel repair service will be available throughout the U.S. and Canada via the Autobytel.com accredited dealer network. On major repairs, the selling dealer has the option of providing the customer with alternate transportation and repairing the unit at the selling dealer's location. A vehicle that is non-operational will be repaired sufficiently to return to the originating dealer where additional repairs can be completed. To take advantage of the Travel Repair Provision, customers may contact the originating dealer who will direct them to the nearest Autobytel.com accredited dealership, or inquire through the Autobytel.com Website for instructions and directions: www.autobytel.com. PLEASE NOTE: Appearance and convenience items will not be covered by the Travel Repair Provision, nor will light bulbs, fuses, alignments, adjustments, switches, oil filters, and other maintenance items. Failure to strictly comply with the terms and conditions of this limited warranty will cause this limited warranty to become null & void.

SERVICE CONTRACT. A service contract is available at an extra charge on this vehicle. Ask Your Dealer for details as to coverage, deductible, price, and exclusions.

PRE PURCHASE INSPECTION: Ask the dealer if You may have this vehicle inspected by Your mechanic either on or off the lot.

vehicle make model dealer stock number year vin number

BACK SIDE OF SUGGESTED SAMPLE FORM

___FULL X LIMITED WARRANTY.

The dealer will pay 100% of the labor and 100% of the parts for the covered systems that fail during the warranty period. The following is the entire representation of coverage; no other systems or parts are suggested or implied. State law may give you additional rights.

Systems Covered: Parts Covered:

Engine: All internally lubricated parts including timing chains, gears and cover, timing belt, pulleys and cover, oil pump and gears, water pump, valve covers, oil pan, manifolds, flywheel, harmonic balancer, engine mounts seals and gaskets, engine block, cylinder heads and turbocharger housing if damaged by the failure of internally lubricated parts.

Transmission/Transfer Case: All internally lubricated parts, torque converter, vacuum modulator, transmission mounts, seals and gaskets. (Manual clutch assembly and component parts are not covered)

Front wheel Drive: All internally lubricated parts, axle shafts, output shafts, and constant velocity joints, front hub bearings, seals and gaskets.

Rear wheel Drive: All internally lubricated parts, propeller shafts, supports and U-joints, drive shafts, axle shafts and bearings, seals and gaskets.

Brakes: Master cylinder, power booster, wheel cylinders, calipers, hydraulic lines and fittings. (ABS component parts are not covered.)

Steering: Steering gear housing and all internal parts, power steering pump,

valve body and rack.

Electrical: Alternator, generator, and starter.

Air Conditioner Compressor, evaporator core, condenser.

ALL SYSTEMS AND PARTS LISTED ABOVE ARE COVERED 90 DAYS FROM PURCHASE OR 3000 MILES, WHICHEVER OCCURS FIRST.

NOTE: This Agreement is exclusively between the selling dealer and the customer. By accepting this Limited Warranty, Customer agrees to release autobytel.com inc. from all obligations with respect to the acquisition, service, or repair of the covered vehicle. Customer's failure to strictly adhere to the terms and conditions of this Limited Warranty shall result in loss of coverage.

Autobytel.com Accredited Dealer/Date

Customer Signature/Date

135 POINT CERTIFIED PRE-OWNED CYBERSTORE(R) VEHICLE CHECKLIST (SAMPLE)

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ADDRESS/LOCATION:

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YR: MAKE: MODEL: BODY TYPE: ENGINE: 4 6 8 CYL TRANS:

VIN: COLOR: LICENSE PLATE NO: MILEAGE:

CIRCLE OPTIONS: WHEELS:

RADIO: AM/FM CASSETTE EQUALIZER CD CUSTOM: ALLOY CUSTOM:

INTERIOR: VINYL CLOTH LEATHER AIR BAGS 1 OR 2 SUN ROOF AIR CONDITION: YES NO

POWER: WINDOWS LOCKS SEATS STEERING BRAKES/ABS TILT CRUISE REAR DEFROSTER

MAINTENANCE ITEMS:	MECHANICAL AREA:	[X] OK	OR DESCRIBE DAMAGE	CIRCLE ONE	DOLLAR
ENGINE OIL	LOW DIRTY BURNED LEAKS		STARTING	Repair Replace	\$
TRANS FLUID	LOW DIRTY BURNED LEAKS		ENGINE	Repair Replace	\$
BRAKE FLUID	LOW DIRTY BURNED LEAKS		TRANSMISSION	Repair Replace	\$
COOLANT	LOW RUSTY BURNED LEAKS		DRIVE LINE	Repair Replace	\$
PWR STEERING	LOW DIRTY BURNED LEAKS		STEERING	Repair Replace	\$
BATTERY	CORRODED LOW CHARGE		BRAKES 50% LINING	Repair Replace	\$
BELTS	SERPENTINE WORN		CLIMATE CONTROL	Repair Replace	\$
HOSES	WORN		SUSPENSION	Repair Replace	\$

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BODY AREA:	[X] OK	OR DESCRIBE DAMAGE	CIRCLE ONE	DOLLAR	ELECTRICAL AREA: [X] OK	OR DESCRIBE DAMAGE	CIRCLE ONE	DOLLAR
WINDSHIELD			Repair Replace	\$	TAIL LIGHTS		Repair Replace	\$
HOOD/COWL			Repair Replace	\$	PARKING LIGHTS		Repair Replace	\$
GRILL			Repair Replace	\$	TURN SIGNALS		Repair Replace	\$
FRONT BUMPER			Repair Replace	\$	INTERIOR LIGHTS		Repair Replace	\$
REAR BUMPER			Repair Replace	\$	HORN		Repair Replace	\$

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HEADLIGHT ASSY'S	Repair Replace	\$	POWER WINDOWS	Repair Replace	\$
RIGHT FENDER	Repair Replace	\$	POWER LOCKS	Repair Replace	\$
RIGHT SIDE GLASS	Repair Replace	\$	POWER SEATS	Repair Replace	\$
RIGHT DOORS	Repair Replace	\$	MEMORY SEAT	Repair Replace	\$
RIGHT QUARTER	Repair Replace	\$	POWER MIRROR	Repair Replace	\$
REAR GLASS	Repair Replace	\$	MEMORY MIRROR	Repair Replace	\$
DECK LID	Repair Replace	\$	RADIO AM/FM	Repair Replace	\$
LEFT QUARTER	Repair Replace	\$	TAPE PLAYER	Repair Replace	\$
LEFT DOORS	Repair Replace	\$	CD PLAYER	Repair Replace	\$
LEFT SIDE GLASS	Repair Replace	\$	CLOCK	Repair Replace	\$
LEFT FENDER	Repair Replace	\$	KEYLESS ENTRY	Repair Replace	\$
ROOF	Repair Replace	\$	ANTI-THEFT	Repair Replace	\$
WHEELS/COVERS	Repair Replace	\$	WINDSHIELD	Repair Replace	\$
TIRES 5/32" TREAD	Repair Replace	\$	WINDSHIELD WIPER	Repair Replace	\$
SPARE TIRE W/JACK	Repair Replace	\$	HOOD RELEASE	Repair Replace	\$
FRONT/REAR SEATS	Repair Replace	\$	TRUNK RELEASE	Repair Replace	\$
INTERIOR/DASH	Repair Replace	\$	GAS DOOR	Repair Replace	\$
EXTERIOR PAINT	Repair Replace	\$	SPEEDOMETER	Repair Replace	\$
OTHER:	Repair Replace	\$	ODOMETER	Repair Replace	\$
CIRCLE CHOICE:					TOTAL: \$
THIS VEHICLE _____	WAS/WAS NOT TEST DRIVEN		OVERALL CONDITION: GOOD FAIR POOR		

CARSMART.COM
INTERNET MARKETING AGREEMENT

CARSMART(R) IS A REGISTERED TRADEMARK OF A.I.N. CORPORATION
A.I.N. CORPORATION * 3170 Crow Canyon Place, Suite 270 * San Ramon, CA 94583
Tel. (925) 277-0900 * Fax (925) 277-0260

THIS AGREEMENT, dated _____ is entered into by A.I.N. Corporation, a California Corporation ("AIN"), and _____ ("Dealer").

PURPOSE OF AGREEMENT: This agreement sets forth the terms and conditions of Dealer's participation in the CarSmart.com(R) Internet Marketing & Advertising Program (herein referred to as Program) and the mutual obligation of Dealer and A.I.N. in connection therewith.

OBLIGATIONS OF AIN: In consideration of Dealer's fulfilling all of the obligations herein set forth, AIN agrees, for the term of this agreement, to include Dealer as a Participating Dealer in the CarSmart.Com Internet Marketing Program. The Program may from time-to-time be redefined and changed by AIN to afford Dealer the promotional, training, advertising and other benefits of participation therein. AIN shall provide a marketing program on the Internet and within traditional media to attract potential buyers and shall forward information regarding the potential buyers identified for the make(s) set forth below and in the territory (defined below) of the Dealer. Additionally, AIN will:

- a) filter or screen all customers, to ensure accuracy, prior to providing Dealer with consumer information.
- b) provide dealer with an exclusive territory (except in the State of Texas).
- c) allow Dealer to list new vehicles on the CarSmart.com Network.
- d) provide dealer with a "business card" web page within CarSmart.com participating dealer pages.
- e) provide direct Internet Sales training to dealer. (In most cases training will be conducted locally at an off-site location)
- f) grant Dealer a non-exclusive license that will allow dealer access to an automated customer tracking and communications system called Smart-Trac.
- g) use reasonable efforts to forward consumer information to Dealer within 60 minutes of receipt from consumer.

AIN warrants that it is the lawful holder of the federally registered trademark CarSmart(R) and that it is the owner and operator of the CarSmart(R) web site located at URL www.carsmart.com. The services to be provided hereunder by AIN, together with any modifications and/or improvements therein made by AIN or Dealer during the term of this agreement, or any extensions thereof, and all copies thereof, are proprietary to AIN and title thereto remains in AIN. All applicable rights to patents, copyrights, trademarks and trade secrets in the Program and in the name "CarSmart" and its logos are and shall remain sole property of AIN.

OBLIGATIONS OF DEALER: Dealer understands and agrees that the Program is intended to identify for Internet Consumers (hereafter referred to as Prospective Buyers), ethical automobile dealers who are ready, willing, and able to provide new vehicles at a fair price and without the anxiety and hassle frequently associated with the process of acquiring a new vehicle. Dealer agrees and warrants that all of Dealer's dealings hereunder will be completely fair and in accordance with the highest ethical standards.

Dealer agrees:

1. to provide a bonafide price quote to all CarSmart customers via telephone, fax or e-mail.

2. to provide price quote within 6-8 business hours after receiving request.
3. to extend to Prospective Buyers, courteous, ethical service in connection with the purchase of vehicles.
4. to price any vehicle included in the program lower than that which a knowledgeable and diligent buyer can generally obtain for the same model, similarly equipped, from the Dealer or from other dealers within the Dealer's marketing area.

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CarSmart(R) ONLINE NETWORK AGREEMENT

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5. to offer any dealer-installed optional equipment or service, including extended service contracts, that the customer wishes to purchase with the automobile at a fair mark-up, so as not to exceed Dealer's average selling price for that equipment or service.
6. that Prospective Buyers may special-order models covered by the Program at the same discount price.
7. that all of the terms and conditions contained in Dealer information transmitted to Prospective Buyers shall remain in full force and effect and be binding upon Dealer for a period of seven (7) days after its transmittal (including transmittal by e-mail or facsimile), provided the identified vehicle remains available for sale.
8. to offer Prospective Buyers the better of dealer-advertised price and the pre-arranged price set in the price quoted or transmitted to Prospective Buyers.
9. not to interfere with the Prospective Buyers' choice of financing institution, and the benefits to Prospective Buyers afforded under the Program shall not in any way be dependent upon financing the purchase or lease through any particular financing institution. Dealer further agrees not to solicit financing from any Credit Union member utilizing the program. Dealer acknowledges violation of this term will cause immediate termination of agreement.
10. to appraise all trade-ins at, and to credit all trade-ins at, or above, their ACTUAL CASH VALUE notwithstanding the discount being afforded under this Agreement.
11. at its sole cost and expense, to provide the computer and other office equipment necessary to use and receive the services to be provided hereunder by AIN.
12. that it is an independent contractor and not an agent or employee of AIN and that AIN does not have, nor shall it exercise, any right of control as to the personnel, manner, methods or means employed by the Dealer. Dealer at all times shall act in the capacity of an independent contractor and shall be exclusively responsible for its acts.
13. to have a minimum of one (1) CarSmart trained representative on staff. Dealer agrees to send dealership representative off-site to a CarSmart conducted Internet Sales skills training seminar when conducted in Dealer's local geographic area.

TERRITORY OF DEALER. Subject to the terms and conditions set forth in the Agreement, AIN hereby grants to Dealer the exclusive, non-transferable right to use the services of the Program to be performed by AIN, as contemplated by this agreement, within the geographical area (zip code, county descriptions preferable), defined as: _____

AUTOMATED INVENTORY RETRIEVAL OPTION: Dealer may elect to use an automated inventory loading option, at an additional monthly charge (service limited to

ADP and R&R systems only). Upon selection of this option Dealer agrees to allow telephone/modem computer access to host and will provide a login/user ID for this purpose only.

[] I elect to use the automated inventory retrieval system (See Fee Schedule)

[] I elect to use a non-automated inventory retrieval option (A Free Service)

[] I elect not to post my inventory online at this time.

INDEMNIFICATION: Dealer agrees to indemnify and hold AIN, its agents, employees, affiliates, directors, officers, and managers free and harmless from all liability for any debts, obligations or claims including fees and expenses arising from or connected with the operation of the business of the Dealer.

FEES and Payment:

1. Dealer agrees to pay AIN: A \$ _____ territory exclusivity fee with Dealer's execution of this agreement.

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CarSmart(R) ONLINE NETWORK AGREEMENT

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2. Dealer shall pay AIN the amount of \$ _____ as a monthly marketing fee which is due and payable monthly (billed 30 days in advance, Terms net 10) on the first day of each calendar month.

3. The total first quarter fee including exclusivity fee of \$ _____ is due upon the signing of this agreement and subsequent monthly fees of \$ _____ are due each month starting _____ assures Dealer's participation.

The first quarter total marketing fee and exclusivity is due and payable concurrently with the execution of this agreement.

AIN reserves the right to change the structure, method and or basis of the fee at any time during the term of this Agreement. In the event AIN chooses to change the fee structure it must notify the Dealer, in writing, 30 days prior to the effective change. Upon notification of the fee structure change the dealer has the option to terminate this Agreement. In the event Dealer chooses to terminate, Dealer must notify AIN, in writing within 10 days of receipt of the new fee structure terms. AIN shall not require an affirmative response from dealer in the event Dealer chooses to accept new fee structure.

TERM: This agreement shall be for a term of (12) months, commencing upon the date hereof and terminating on _____, unless sooner terminated according to the provisions hereof. Upon mutual consent of the Dealer and AIN this agreement may be extended at twelve (12) month intervals, up to a maximum of three (3) successive terms. All renewal requests and consent shall be evidenced in writing and signed by each party hereto. In the event services are continued without written extension of this agreement and all non-conflicting terms therein shall be deemed as a holdover contract and extended on a re-occurring month to month basis until terminated by either party or by breach of any part of this agreement. AIN reserves the right to redefine the Dealer's territory and monthly rate based upon the quantity of referrals forwarded to Dealer anytime after initial six month participation. The parties agree however, that in no event shall more than one (1) increase be made to the amount of the fee within the initial twelve (12) month period.

TERMINATION: AIN may terminate this agreement:

- a) immediately for any breach of this agreement by Dealer which is not cured within ten (10) days after Dealer receives written notice of the breach from AIN.
- b) immediately if any fees due AIN under this agreement are unpaid and outstanding more than (30) days after AIN makes a written request for payments.
- c) immediately upon the Dealers' sale or transfer of all, or substantially all, of its dealership assets and or management and control.

- d) upon sixty (60) days written notice to Dealer (30 days in the case of a holdover term).
- e) immediately upon a finding of Dealer's violation of state or federal law or conviction for such violation.
- f) immediately if an order for liquidation against Dealer is entered into.

In the event that AIN terminates this agreement as a result of Dealer's breach of any provision of this agreement, whether material or otherwise, Dealer shall forfeit all fees previously paid, and such forfeiture shall not be in limitation of, but shall be in addition to, any other remedy which may be available to AIN as the result of such breach.

DEALER'S OBLIGATION UPON EXPIRATION OR TERMINATION: Upon expiration or termination of this agreement regardless of the circumstances, AIN shall have no further obligation to Dealer under this agreement and Dealer's participation in the Program shall cease. Dealer shall remain liable to AIN for any and all unpaid obligations due hereunder until paid in full.

ATTORNEYS FEES and COSTS: If any legal action is necessary to enforce the terms of this agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs in addition to any damages and other relief to which such party may be entitled.

GOVERNING LAW and JURISDICTION: This agreement shall be governed by the laws of the State of California, in the county of Contra Costa. Any dispute or claim arising between the parties hereto brought by

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AIN against the Dealer shall be brought in a court of competent jurisdiction within the state and county in which the Dealership resides.

COMPLIANCE: Dealer agrees that it will meet all legal requirements of the city and county in which it operates. Dealer also agrees to comply with all federal, state and local laws regulating Dealer's business.

WARRANTY and LIMITATION OF LIABILITY: AIN makes no warranty regarding the performance of its services hereunder and Dealer specifically waives all warranties, expressed or implied arising out of, or in connection with, the services to be provided under this agreement by AIN. In no event shall AIN be liable for any loss of business profits, or any consequential, incidental, punitive or similar damages, or for the claims of damages made by any third party.

PERFORMANCE: The failure by either party at any time to require performance by the other party of any provisions of this agreement shall not affect the right to require such performance at any time thereafter, nor shall the waiver by either party of a breach of any provision of this agreement be taken or held to be a waiver of the provision itself.

NOTICES: All notices, requests and consents given under this Agreement shall be in writing and shall be delivered by hand or certified mail to:

If to AIN:

A.I.N. CORPORATION
CarSmart(R) ONLINE NETWORK
3170 Crow Canyon Place, Suite 270
San Ramon, CA 94583

If to Dealer:

At the address shown below

ACCEPTANCE. This agreement becomes valid and binding upon acceptance by AIN. This agreement shall remain available for acceptance by AIN for a period of 14

days following the agreement date set forth at the beginning of the agreement. Upon acceptance, AIN shall immediately mail a copy of the fully executed agreement to Dealer.

REQUISITE AUTHORITY. The undersigned hereby represents that he or she is authorized on behalf of their respective corporations to enter into this agreement, and that each corporation is in good standing under the laws of the state of their incorporation and/or physical residence.

Additional Terms, If Any _____

ENTIRE AGREEMENT: This agreement contains the entire agreement between AIN and the Dealer and no modification or supplement to the terms hereof shall be binding unless in writing and signed by both parties.

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DEALER: PLEASE VERIFY FOR PRINT ACCURACY:
DATA FOR DEALERSHIP'S LISTINGS AGREEMENT
Enter Clearly and Completely

Dealer's Name	Categories	No. of Listings
	1)	
	2)	
	3)	
	4)	
	5)	
	6)	
	7)	

Address Telephone No.
Fax No.

City Reps for Program
1)

State 2)

Zip

Dealership e-mail address Dealership Authorized Signature for Agreement and Data

@

By:

Computer system type Print Name and Corporate Title
1)

2) [] Check if payment is enclosed or received.

Accepted By: _____

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CARSMART DEALERSHIP ENROLLMENT INFORMATION
THIS FORM MUST BE COMPLETED AND FAXED BACK WITH CONTRACT

Dealership Name:

Address:

City:

State:

Phone Number: () - Ext. No.

Fax Number: () - (who will receive the leads)

E-mail Address:

E-mail Address #2:

Dealership Web-site: http://

DEALERSHIP SALES

CarSmart Designated Rep(s):

Accounts Payable Contact:

Inventory Contact:

Dealer Principal (Send monthly reports to):

Person(s) Authorized to make changes on account:

Hours of Operation: Mon-Fri to Sat to Sun to

Dealership Slogan:

Marketing Message:

Subsidiaries of autobytel.com inc.:

Autobytel Services Corporation, a Delaware corporation.

Auto-By-Tel Acceptance Corporation, a Delaware corporation.

Auto-By-Tel Insurance Services, Inc., a Delaware corporation.

Autobytel.ca inc., a Delaware corporation.

Kre8.net, Inc., a Delaware corporation.

Auto Visions Communications, Inc., a Delaware corporation.

Autobytel.Europe LLC, a limited liability company organized under the laws of Delaware.

Autobytel Acquisitions I Corp., a Delaware corporation.

A.I.N. Corporation, a California corporation, doing business as "CarSmart.com."

Autobytel.Europe Holdings B.V., a corporation organized under the laws of the Netherlands.

Autobytel.Europe Investment B.V., a corporation organized under the laws of the Netherlands.

I-Net Training Technologies, LLC, a limited liability company organized under the laws of Delaware.

e-autosdirect.com inc., a Delaware corporation, doing business as "autobyteldirect.com."

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into the Company's previously filed Registration Statements File No. 333-90045, File No. 333-77943 and File No. 333-33038 on Form S-8.

/s/ Arthur Andersen LLP

Arthur Andersen LLP

March 23, 2000
Los Angeles, California

March 9, 2000

ADT Automotive, Inc.
435 Metroplex Drive
Nashville, Tennessee 37211

Ariel Amir
Vice President and General Counsel
autobytel.com inc.
18872 MacArthur Boulevard
Irvine, California 92612-1400

Telephone: (615) 333-1400
Fax: (615) 832-9152
Online: www.adtauto.com

Dear Mr. Amir:

This letter will serve as permission to use our statistics, with proper identification, in your Annual Report on Form 10-K for the fiscal year ended December 31, 1999.

As reflected in the attached, the size of the U.S. automotive market (new and used) in 1998 and 1999 was \$652 billion and \$709 billion, respectively.

Sincerely,

Don Reig
Vice President, Strategic Planning

A TYCO INTERNATIONAL LTD. COMPANY

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 1999 AND THE CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS ON FORM 10-K.

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