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## AutoWeb Signs License Agreement with DealerX

IRVINE, Calif., Oct. 10, 2017 (GLOBE NEWSWIRE) -- AutoWeb, Inc. (Nasdaq:AUTO), formerly Autobytel Inc., a pioneer and leading provider of digital automotive services connecting in-market car buyers with dealers and OEMs, has entered into a license agreement with DealerX Partners, LLC. DealerX is a premier provider of data-driven marketing products for car dealerships and OEMs.

Under the terms of the agreement, AutoWeb will receive a perpetual license to access and use DealerX's proprietary platform and technology for targeted, online marketing. This will be implemented through the creation of consumer information databases and audiences, which will allow AutoWeb to generate traffic, clicks, and leads. DealerX will operate the platform for AutoWeb and provide enhancements to and support for the platform for an initial five-year period, which may be extended in perpetuity.

"Today, most dealers know very little about users of their websites and many display the same message to all users—a 'one size fits all' strategy," said Jeff Coats, president & CEO of AutoWeb. "Dealers can only hope that the offers presented are relevant and attractive. At AutoWeb, our critical mission is to know what users want and when they want it in order to deliver the best marketing at the best time—and to deliver that user to the right dealership at the right time. In DealerX, we have found a powerful partner in this mission, and we look forward to leveraging the DealerX platform to further capitalize on the evolving consumer and automotive marketplace."

At the end of 2016, AutoWeb promoted Billy Ferriolo to Chief Operating Officer to accelerate improvements in its clicks and lead generation businesses, and this licensing arrangement is a prime example of just that.

Ferriolo stated: "DealerX has created a unique, all-in-one automotive online marketing platform encompassing data collection, activation, analytics and attribution. Its platform employs extensive machine learning in the determination of what content to show which consumer across multiple devices, where and when. This is all derived from the real-time capture and scoring of consumer-driven behavioral events. We look forward to using this audience intelligence to deliver a better car-buying experience for consumers."

The transaction consideration consists of a lump-sum payment to DealerX of \$8.0 million upon the execution of the agreement. During the initial five-year support period, DealerX will have the ability to earn shares of AutoWeb common stock representing approximately 5% of AutoWeb's outstanding common stock if AutoWeb's market capitalization reaches \$225 million. If these shares are issued to DealerX, its obligation to provide platform operation, enhancements and support for the platform will continue in perpetuity. Alternatively, AutoWeb may elect to make a lump-sum payment of \$12.5 million upon the occurrence of certain events in order to extend DealerX's obligations in perpetuity. If such a lump-sum payment is made, DealerX's right to receive shares of common stock is terminated.

### Tax Benefit Preservation Plan

At December 31, 2016, the company had approximately \$75.8 million in available net operating loss carryforwards (**NOLs**) for U.S. federal income tax purposes. In light of the company's recent stock repurchases, the company reminds stockholders about AutoWeb's Tax Benefit Preservation Plan dated May 26, 2010, as amended on April 14, 2014 and May 26, 2017 (as amended, the "**Plan**") between the company and Computershare Trust Company, N.A., as rights agent.

The Plan was adopted by the company's board of directors to preserve the company's NOLs and other tax attributes, and thus reduce the risk of a possible change of ownership under Section 382 of the Internal Revenue Code. Any such change of ownership under Section 382 would limit or eliminate the ability of the company to use its existing NOLs for federal income tax purposes. In general, an ownership change will occur if the company's 5% shareholders, for purposes of Section 382, collectively increase their ownership in the company by an aggregate of more than 50 percentage points over a rolling three-year period. The Plan is designed to reduce the likelihood that the company experiences such an ownership change by discouraging any person or group from becoming a new 5% shareholder under Section 382. Rights issued under the Plan could be triggered upon the acquisition by any person or group of 4.9% or more of the company's outstanding common stock and could result in substantial dilution of the acquirer's percentage ownership in the company. There is no guarantee that the Plan will achieve the objective of preserving the value of the company's NOLs.

As of October 1, 2017, there were 13,082,948 shares of the company's common stock, \$0.001 par value, outstanding. Persons or groups considering the acquisition of shares of beneficial ownership of the company's common stock should first evaluate their percentage ownership based on this revised outstanding share number to ensure that the acquisition of shares does not result in beneficial ownership of 4.9% or more of outstanding shares. For more information about the Plan,

please visit [investor.autoweb.com/tax.cfm](http://investor.autoweb.com/tax.cfm).

In connection with the license agreement, the company's board of directors considered and granted to DealerX an exemption under the Plan with respect to the shares of common stock that may be issued to DealerX under the license agreement, and DealerX and the company entered into a stockholder agreement that provides for various restrictions on transfers of the shares and the grant of a proxy to the company to vote the shares as long as the restrictions remain in effect.

#### **About AutoWeb, Inc.**

AutoWeb, Inc., formerly Autobytel Inc., provides high-quality consumer leads, clicks and associated marketing services to automotive dealers and manufacturers throughout the United States. The company also provides consumers with robust and original online automotive content to help them make informed car-buying decisions. The company pioneered the automotive Internet in 1995 and has since helped tens of millions of automotive consumers research vehicles; connected thousands of dealers nationwide with motivated car buyers; and has helped every major automaker market its brand online.

Investors and other interested parties can receive AutoWeb news alerts and special event invitations by accessing the online registration form at [investor.autoweb.com/alerts.cfm](http://investor.autoweb.com/alerts.cfm).

#### **Forward-Looking Statements Disclaimer**

The statements contained in this press release that are not historical facts are forward-looking statements under the federal securities laws. Words such as "anticipates," "could," "may," "estimates," "expects," "projects," "intends," "pending," "plans," "believes," "will" and words of similar substance, or the negative of those words, used in connection with any discussion of future operations or financial performance identify forward-looking statements. In particular, statements regarding expectations and opportunities, new product expectations and capabilities, and our outlook regarding our performance and growth are forward-looking statements. These forward-looking statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Actual outcomes and results may differ materially from what is expressed in, or implied by, these forward-looking statements. The company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Among the important factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements are changes in general economic conditions; the financial condition of automobile manufacturers and dealers; disruptions in automobile production; changes in fuel prices; the economic impact of terrorist attacks, political revolutions or military actions; failure of our internet security measures; dealer attrition; pressure on dealer fees; increased or unexpected competition; the failure of new products and services to meet expectations; failure to retain key employees or attract and integrate new employees; actual costs and expenses exceeding charges taken by the company; changes in laws and regulations; costs of legal matters, including, defending lawsuits and undertaking investigations and related matters; and other matters disclosed in the company's filings with the Securities and Exchange Commission. Investors are strongly encouraged to review the company's Annual Report on Form 10-K for the year ended December 31, 2016 and other filings with the Securities and Exchange Commission for a discussion of risks and uncertainties that could affect the business, operating results or financial condition of the company and the market price of the company's stock.

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